FRANCHISE DISCLOSURE DOCUMENT

FRENCHIES, LLC
a Colorado limited liability company
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FRENCHIES, LLC is offering franchises for the use of the trademark "FRENCHIES"® and related trademarks and service marks for the operation of a business offering hand and foot care services for men and women and the sale of related products ("**Nail Studio**").

The total investment required to begin operating a FRENCHIES franchise ranges from $270,042 to $531,231. This includes $47,817 to $54,256 that you must pay to the franchisor or its affiliates. We may also offer you the right to develop two (2) or more Nail Studios. You would then sign an "Area Development Agreement" and pay a Development Fee equal to the sum of the initial franchise fee for each franchise you agree to open, which will be equal to $49,500, for your first Nail Studio, plus a range from $39,500 to $29,500 per additional Nail Studio you agree to develop, depending on the number of Nail Studios you agree to develop. If you pay a Development Fee, you will not pay an Initial Franchise Fee. Your estimated initial investment will vary based on the number of Nail Studios franchises to be developed.

This Disclosure Document summarizes, in plain English, select provisions of your franchise agreement and other information. Carefully read this Disclosure Document and all its accompanying agreements. Please note that 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 for the proposed franchise sale. **Please also note that no governmental agency has verified the information in this document.**

You may want to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of different formats for this Disclosure Document, contact our Co-Chief Executive Officer, Guy Coffey, at the address and telephone number above.

The terms of your contract will govern your franchise relationship. Please do not rely on this 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. The Federal Trade Commission provides more information about franchising, including "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document. You can contact the FTC at 1.877.FTC.HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's website 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 about franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: **May 22, 2023, as amended December 11, 2023**.

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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 E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Frenchies Modern Nail Care business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Frenchies Modern Nail Care franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A. Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

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Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement and Area Development Agreement require that all disagreements be settled by mediation, arbitration or litigation only in Colorado. Out of state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate or litigate with us in Colorado than in your home state.

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

3. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

4. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

5. **Financial Condition.** The auditor's report on the Franchisor's financial statements expresses substantial doubt about the Franchisor's ability to remain in business. This means that the Franchisor may not have the financial resources to provide services or support to you.

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.

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THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will 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 will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 525 West Ottawa Street, Lansing, Michigan 48909, telephone: (517) 373-7117.

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

To simplify the language in this Franchise Disclosure Document, "**Frenchies**," "**Frenchies Nail Salons**," "**we**," "**us**," or "**our**" means **FRENCHIES, LLC**, the "**Franchisor**." "**You**" or "**your**" means the person, corporation, partnership, or other business entity that buys the franchise, the "**Franchisee**." If you are a corporation, partnership, limited liability company, or other entity, "**you**" includes the Franchisee's owners.

The Franchisor

We are a Colorado limited liability company formed on March 11, 2015. Our principal business address is 2679 West Main, #363, Littleton, Colorado 80120, and our phone number is 720.526.2935. We do business under our corporate name, as "FRENCHIES," as "FRENCHIES MODERN NAIL CARE," and as "FRENCHIES NAIL SALONS," and under no other names. Our affiliate began operating its FRENCHIES Nail Studio in February 2014 and we began offering franchises for the operation of Nail Studios on April 7, 2015. We have not and do not conduct business in any other line of business nor have we or do we offer franchises in any other line of business.

Our agents for service of process are disclosed on **Exhibit A**.

The Business

We offer franchises for the establishment, development, and operation of businesses offering hand and foot care services for men and women and the sale of related products and services (each, a "**Nail Studio**") in a clean and high-quality environment, under the "FRENCHIES" trademark and our other trademarks, trade names, service marks, and logos ("**Marks**"). The franchise will operate using a unique system with high standards of service, including valuable know-how, information, trade secrets, confidential information, training methods, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of internet usage, the sale of proprietary products, and research and development connected with the operation and promotion of Nail Studios ("**System**"). We reserve the right to change or otherwise modify the System at any time in our sole discretion.

You must operate your Nail Studio according to our standard business operating practices and sign our standard franchise agreement ("**Franchise Agreement**"). The Franchise Agreement for the operation of a single Nail Studio is attached as **Exhibit B**. Your Nail Studio must offer authorized services and products, specifically including approved hand and foot services for men and women and the sale of related products and services. You also must follow our policies and procedures, specifically including our commitment to cleanliness, sterilized instruments, and high-end customer service. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Nail Studio at any time in our sole discretion, and to change or modify our policies.

We will grant you the right to operate one Nail Studio at a location we specify in your Franchise Agreement. We also offer qualified people the right to develop multiple Nail Studios within a specific territory under the terms of an Area Development Agreement. The minimum number of Nail Studios to be required to be open under the Area Development Agreement is two. The Area Development Agreement is attached as **Exhibit C**. If you sign an Area Development Agreement, you will sign a separate then-current form of the Franchise Agreement for each Nail Studio you develop under your Area Development Agreement, which may differ from the current Franchise Agreement attached to this Disclosure Document.

We retain the right, in our sole discretion, to choose to award or not to award a franchise to any prospective franchisee, and to cease discussions about the awarding of a franchise at any time, regardless of the stage of the franchise award process or the time and money spent by you or any other prospective franchisee.

Our Parent, Predecessors, and Affiliates

Our parent, **BCC Services Intermediate Holding Company, LLC**, is a Delaware limited liability company, and its principal business address is Terminal Tower 50 Public Square, 29th Floor, Cleveland, Ohio 44113. Our parent only does business under its corporate name. It does not offer franchises in any line of business and is not otherwise engaged in any other type of business activity.

Our parent's parent company is **BCC Holding, LLC**, a Delaware limited liability company, and its principal business address is Terminal Tower 50 Public Square, 29th Floor, Cleveland, Ohio 44113. Our parent only does business under its corporate name. It does not offer franchises in any line of business and is not otherwise engaged in any other type of business activity.

We have three affiliates. **BCC Franchising, LLC** is a Delaware limited liability company that was formed on March 3, 2022 ("**Bishops**"). Bishops has a principal address of Terminal Tower 50 Public Square, 29th Floor Cleveland, Ohio 44113. Bishops franchises retail hair care outlets that operate under the BISHOPS mark. Bishops and/or its predecessor have been offering franchises since March 2007. As of December 31, 2022, there were 42 franchised BISHOPS outlets in operation.

Frenchies Revolution, LLC, is a Colorado limited liability company that was formed on March 7, 2013 ("**Frenchies Revolution**"). Frenchies Revolution has a principal address of 2679 West Main, #363, Littleton, Colorado 80120. Frenchies Revolution owns and operates an existing FRENCHIES Nail Studio, which it opened on February 14, 2014. Frenchies Revolution has never offered franchises for this business and, other than the Nail Studio described in this paragraph, does not operate its own studios.

Our affiliate **Burst Distribution LLC** is a Colorado limited liability company that was formed on October 13, 2020 ("**Burst Distribution**"). Burst Distribution's principal business address is the same as ours. Burst Distribution sells certain branded and proprietary items for use in your Nail Studio, including proprietarily labeled back bar items, nail polishes, retail and other items that we adopt for use in the System.

We do not have any predecessors. Other than as described above, none of our affiliates has ever offered any nail studio franchises or franchises in any other line of business, nor have they operated any Nail Studios.

Market Competition

You will sell manicure and pedicure services—and other related products and services—to the general public. The market for nail services and products is developed and competitive. As a result, you will compete for customers with other companies and organizations that offer nail products and services. Competitors may include individuals and small- to medium-sized companies, similar franchise systems, and large corporations. You will also face normal business risks that could have an adverse effect on your Nail Studio. These include industry developments, including your competitors' pricing policies, and supply and demand. Your financial success may also be sensitive to changes in general economic conditions, both globally and nationally. The services you will offer are generally not seasonal, although you may have higher sales at certain times of the year, such as around major holidays and popular times for taking vacations.

Industry Specific Regulations

Your Nail Studio will be subject to national, state, and local regulations that apply to all businesses, including the Americans With Disabilities Act, wage and hour laws, occupational health and safety, equal employment opportunity, taxes, hazardous material communication to employees, and business licensing requirements. In addition, you must comply with all zoning laws and regulations applicable to the Nail Studio. Because you will accept credit cards, you will also have to comply with any general laws and regulations relating to the acceptance of credit cards, including Payment Card Industry ("**PCI**") Data Security Standard ("**DSS**"). Compliance with the PCI DSS is your responsibility.

A number of states have licensing and permitting laws and regulations that may apply to your Nail Studio. For example, many jurisdictions have laws that require nail technician licensing, cosmetologist licensing, other related licensing, bonding, and insurance, and compliance with certain building codes, safety regulations, health requirements, and other similar requirements. Your Nail Studio may be required to comply with one or more of these requirements in your jurisdiction. You and your employees must ensure that you, your employees, and others providing products and services to customers on behalf of your Nail Studio have all required licenses and permits.

You should investigate whether there are any regulations and requirements that may apply in the geographic area in which you are interested in locating your Nail Studio, and you should consider their impact and the cost of compliance. You may also be required to register your business location with a state agency. You should also investigate state sales tax obligations that may affect your Nail Studio.

ITEM 2
BUSINESS EXPERIENCE

Co-Chief Executive Officer, Guy Coffey

Guy Coffey has been our Co-Chief Executive Officer since March 2023. Prior to that, he was our Chief Executive Officer since we began operating in March 2015 until March 2023. He is also the Managing Partner of our affiliate, Frenchies Revolution, a Littleton, Colorado-based company, a role he has held since its inception in 2013. Since January 2007, Guy has also been the CEO and Managing Partner of Double Lane Enterprises in Littleton, Colorado. Guy serves in his present capacities in Littleton, Colorado.

Co-Chief Executive Officer, Stephanie Coffey

Stephanie Coffey has been our Co-Chief Executive Officer since March 2023. Prior to that, she was our Chief Operating Officer since we began operating in March 2015 until March 2023. She is also the Managing Partner of our affiliate, Burst Distribution, a Littleton, Colorado-based company, a role she has held since its inception in 2020. Since January 2007, she has also been an owner and partner at Double Lane Enterprises in Littleton, Colorado. Stephanie serves in her present capacities in Littleton, Colorado.

Vice President of Field Support, Scot Cannon

Scot Cannon has been our Vice President of Field Support since January 2018. Scot also has been the owner of Cannon Fitness LLC from April 2005 to the present, in the New Orleans, Louisiana area, and has been the owner of Wax Louisiana LLC since December 2013 to the present, in New Orleans, Louisiana. Scot serves in his present capacities in New Orleans, Louisiana.

Vice President of Marketing, Stacy Stout

Stacy Stout has been our Vice President of Marketing since November 2018. Stacy also is the owner of BRANDiac Strategies, Inc., a branding and marketing company in Centennial, Colorado, and has been since July 2011. Stacy serves in her present capacities in Littleton, Colorado.

Board Member, Tom Silk

Tom Silk has served as our Board Member since November 2023. Tom has also served as a board member of our affiliate, Bishops, since April 2023. In addition, Tom has served as Chairman for TES Solutions in Cleveland, Ohio since September 2022. Previously, Tom served as CEO for WorkStride in New York, New York from January 2013 to April 2022.

Board Member, Aakeem Andrada

Aakeem Andrada has served as our Board Member since November 2023. Aakeem has also served as a board member of our affiliate, Bishops, since April 2023. In addition, Aakeem has served as a board member of Performance Systems Integration, LLC in Portland, Oregon since July 2020. He has served as an Analyst, Associate and Senior Associate at the Riverside Company in Santa Monica, California since June 2018.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Standard Franchises

Our initial franchise fee ("**Initial Franchise Fee**") for a Nail Studio is $49,500, payable when you sign your Franchise Agreement. We may discount the Initial Franchise Fee in the following situations:

1. We offer a reduced initial franchise fee to existing franchisees of ours that are open, operating, and in good standing (*i.e.*, not subject to any uncured default notice). If you meet these conditions, we will reduce the Initial Franchise Fee to $44,500.

2. We have a Veteran's program that offers reduced franchise fees to current members of the United States Military and veterans who received an honorable discharge from a branch of the United States Military. If you qualify for this discount, we will reduce the Initial Franchise Fee to $44,500.

3. We offer a reduced franchise fee to franchisees wishing to pursue a multiple-unit Area Development Agreement. The minimum number of Nail Studios required to be opened under an Area Development Agreement is two. If you meet the conditions necessary to pursue this, the Initial Franchise Fee for

your first studio will be $49,500. We will reduce the Initial Franchise Fee for additional units as follows: (i) $39,500 for the second unit; and (ii) $29,500 per unit for the third or more units.

In each case, these reductions only apply to Franchise Agreements you enter into with us during the time we offer the discount program. We have the right to modify or terminate any of these programs at any time. In all cases, the Initial Franchise Fee is due in full when you sign the Franchise Agreement, deemed fully earned by us once paid. The Initial Franchise Fee is non-refundable. In our last fiscal year, our Initial Franchise Fee was uniformly $49,500, which was our then-current Initial Franchise Fee.

You will have 12 months from the date you sign the Franchise Agreement to open and begin operating your Nail Studio. If you want to extend that time for an additional three months, and we agree to allow you to do so, you must pay a $500 extension fee to us as a condition to our granting the extension. After 12 months from the date you sign the Franchise Agreement, you must begin paying a Minimum Royalty Fee to us, whether or not your Nail Studio is open. If your Franchise Agreement designates the site of your studio is "to be determined" so that you have no protected territory, or if you agree to release any protected territory that has been given to you and to seek a site for your studio in an area "to be determined," then we will grant you one nine-month extension (after payment of the $500 extension fee) and we will waive the Minimum Royalty Fee until you begin operating your Nail Studio. The extension fee also applies if we agree to allow you to extend the date for opening any Nail Studio that you agree to open under your Area Development Agreement. We are not obligated to grant these extensions, and we have the right to condition our consent on other requirements. Extension fees are not refundable and are not credited against any other obligation you may have to us. After the applicable time periods have passed and you have not opened your Nail Studio, we may place the Franchise Agreement in default and, if you do not open within the time provided for cure, we may terminate the Franchise Agreement.

Area Development

We offer Area Development Agreements for you to develop multiple Nail Studios. The development fees you pay when you sign an Area Development Agreement will vary depending on the number of studios you commit to open, whether you are already operating a FRENCHIES franchise and are in good standing, and whether you are a veteran.

If you choose to enter into an Area Development Agreement, you must pay a development fee ("**Development Fee**") equal to the sum of each Initial Franchise Fee for each Nail Studio you agree to open upon signing our form of Area Development Agreement as set forth in paragraph 3 above.

You will not pay an additional Initial Franchise Fee for any of the Nail Studios we require you to develop under the Area Development Agreement. In all cases, reductions only apply to Area Development Agreements you enter into with us during the time we offer the discount programs. We have the right to modify or terminate any of these programs at any time. For any territories under your Area Development Agreement that are not developed within the time frame outlined in the Agreement, such territories will be released to the Franchisor and, under the Franchisor's sole discretion, may be sold to other prospective buyers and the Franchisor may, in its sole discretion, offer you an alternative territory in lieu of terminating your Agreement. We did not collect any Development Fees in our last fiscal year.

All portions of the Development Fee are payable in full when you sign the Area Development Agreement and are non-refundable.

Technology Fees

You will pay us a Technology Fee each month during the term of your Franchise Agreement, which includes your email, access to our studio operating software, access to our online franchisee information system, and our learning management system. This fee is currently $439 per month. You will begin paying this fee on the 15th day of the month after you sign your lease for your Nail Studio, and each 15th day of the month thereafter. We estimate that the amount of this fee that you pay to us before opening will range from $1,317 to $1,756 depending on when you open your Nail Studio, assuming you open within our estimated timeframes. In addition, you will pay us a $500 technology set-up fee upon the signing of your lease. None of these fees are refundable.

Opening Inventory of Certain Proprietary and Branded Items

You are required to purchase from our affiliate, Burst Distribution, certain branded and proprietary items for use in your Nail Studio, including proprietarily labeled back bar items, nail polishes, retail and other items that we adopt for use in the System. The cost of the opening inventory of these items ranges from $1,500 to $2,000 (plus actual shipping costs), depending on the size of your Nail Studio.

ITEM 6
OTHER FEES

TYPE OF FEE	AMOUNT (NOTE 1)	DUE DATE	REMARKS
Royalty Fee (Note 2)	Greater of: (a) the Minimum Royalty Fee ($100/week); or (b) 5.5% of Gross Revenues each week.	Payable on Monday of each week for the prior week. (Note 3)	Gross Revenues includes all revenue generated by your Nail Studio.
General Advertising and Marketing Fund Contributions	Currently 2% of your Gross Revenues each week.	Payable on Monday of each week for the prior week.	We reserve the right to increase this contribution to up to 3% of your Gross Revenues each week. (See Note 2 and Item 11).
Local Advertising	At least 1.5% of Gross Revenues	As incurred, in connection with the advertising programs that you choose.	This will be paid to third party service providers. We have the right to require that you provide us with proof that these funds were spent. See Item 11.
Technology Fee (Note 4)	$439 per month as of the date of this Disclosure Document; provided we may increase this fee to cover our then-current costs, including for the license of your business operations software and other technology.	Payable monthly on the 15th day of each month, starting the month following the signing of your lease.	You pay this fee to us, provided that we may direct you to pay all or a portion directly to any provider that licenses technology to you. We pay much of it to the studio management software provider that will license this software to you. The fee also covers certain email hosting, access to our online franchisee information system, learning management system, and other technology maintenance and upgrades.

TYPE OF FEE	AMOUNT (NOTE 1)	DUE DATE	REMARKS
Advertising Cooperative Fees	Not applicable until there is an advertising cooperative in place in your region. If applicable, may not exceed 1.5% of Gross Revenues and expenditures will be credited towards the local advertising requirement.	Same as Royalty Fee or as designated by your cooperative	These will be paid to third party service providers and/or your cooperative. Your payments will be determined by you and the other participants in the advertising cooperative, as set forth in the by-laws of that advertising cooperative or payment agreements of such cooperative. Currently there are no advertising cooperatives in place.
Annual Conference Fee (Note 5)	Currently, $399 for each attendee based on early registration, but may be increased annually.	120 days before our Annual Conference	You only pay this fee once a year, for one studio, regardless of how many studios you open. Payment of this fee covers registration for one person attending our Annual Conference. The person holding a controlling interest in your studio must attend.
Renewal Fee	$3,000, reduced to $2,500 if we receive the fee and all your signed renewal documents at least 30 days before your franchise expires.	At least 15 days before the term of your Franchise Agreement expires.	You only pay this fee if you want to renew your franchise.
Transfer Fee	$10,000 or $5,000. (Note 6)	Before you transfer the franchise.	You only pay this fee if you sell (or otherwise transfer) your franchise or your interest in it. This fee is subject to applicable state law.
Relocation Fee	$1,000, plus our expenses.	When you submit a request to move your Nail Studio.	You only pay this fee if you want to relocate your studio. If we do not approve your request, we will refund the fee.
Audit	Cost of audit.	30 days after billing.	Payable only if audit shows an understatement of at least 2% of Gross Revenue for any month.
Charges for Inspections and "Mystery Customer" Quality Control Evaluation	Will vary under the circumstances.	Upon demand, if incurred.	See Note 7. Inspections and mystery shopping will be separate from our programs for customer surveys and customer satisfaction audits (which may require you to accept coupons from participating customers for discounted or complimentary items).

TYPE OF FEE	AMOUNT (NOTE 1)	DUE DATE	REMARKS
Additional Training and Assistance (Note 8)	Our then-current per diem fee per trainer, plus reimbursement of expenses. Currently, the fee is $500 per day.	Immediately after notice from us.	If you request that we provide additional training, or if we determine that additional training is required, you must pay our daily fee for each trainer, and you must reimburse each trainer's expenses for any necessary travel, including travel, lodging, meals and other reasonable expenses in accordance with our travel and expenses policy.
"Fundamentals" Training	Our then-current perparticipant fee. Currently $25 to $50 per participant.	Immediately after notice from us.	We may from time to time offer optional in-person "fundamentals" or "back-to-the-basics" training sessions at locations we designate. You will also be responsible for the cost of your travel, lodging, and meals, if applicable.
Ongoing Purchases of Proprietary Products	The price established by the applicable approved supplier from time to time.	Before shipment.	All products you will use in your Nail Studio must meet our standards. This will be paid to us, our affiliates, or to other approved suppliers on the terms established from time to time by the applicable supplier.
Insurance Handling Fees	Currently $100.	Immediately after notice from us.	You only pay this fee to us if you fail to obtain or maintain insurance, and we obtain the insurance coverage for you. This fee does not include the cost of insurance premiums, for which you must also reimburse us.
Indemnification	Will vary under the circumstances.	If incurred.	You must reimburse us if we are held liable for claims arising from your Nail Studio. (Note 9).
Liquidated Damages	See Note 10.	Within five days of termination of your Franchise Agreement or Area Development Agreement for cause.	You must pay this fee if we terminate your Franchise Agreement or Area Development Agreement for cause.
Cost of Enforcement or Defense	All costs including actual accounting and reasonable attorneys' fees incurred, will vary under the circumstances.	Immediately after notice from us.	You only pay this amount if we prevail in any legal action we bring against you or successfully defend any claim you bring against us.

TYPE OF FEE	AMOUNT (NOTE 1)	DUE DATE	REMARKS
Interest	Lesser of 1.5% per month or highest rate of interest allowed by applicable law.	As incurred.	Payable on all overdue amounts.
Late Report Fee	$100 per violation.	As incurred.	Payable only if a required report or financial statement is not delivered when due.
Insufficient Funds Fee	$100 per check that you submit to us that is returned for insufficient funds, and $100 each time that we are unable to collect via EFT due to insufficient funds.	If incurred.	
Standard Default Fee	$500 per uncured violation.	If incurred.	In addition to any rights and remedies we may have under the Franchise Agreement, if you breach certain provisions of your Franchise Agreement and fail to cure the default during the applicable cure period, you must pay us $500 per cure period until the default is cured to offset our expenses incurred to address the default. This may not be enforceable under California law.
Prohibited Product, Service, Supplier or Advertising Fee	$250 per day of use of unauthorized products, services, suppliers or advertising.	If incurred.	In addition to any rights and remedies we may have, if you use any unapproved or unauthorized product, service, or supplier, or any advertising that we have not approved you must pay this fee to us to offset the costs associated with your unauthorized use. Subject to applicable law.
Uniform Non-Compliance Fine	$250 per day of occurrence.	If incurred.	In addition to any rights and remedies we may have, if you violate our Uniform Policy you must pay us this fine. Subject to applicable law.
Studio Refurbishment	Will vary under circumstances.	As agreed.	We may require you to materially refurbish your Nail Studio to meet our then-current requirements for décor, layout, etc. We will not require you to refurbish the Nail Studio more frequently than every five years.

TYPE OF FEE	AMOUNT (NOTE 1)	DUE DATE	REMARKS
Product/Supplier Testing	$250.	Due prior to our consideration of the request for approval.	If you desire to purchase unapproved products, equipment, supplies, or services (other than for proprietary items for which we have a designated vendor) from other than approved suppliers, you must pay this fee for us to evaluate and test the product or vendor.
Securities Offering	Our actual expenses.	Upon demand.	Payable only if you propose to engage in a public or private securities offering, to reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering.
Tax Assessment	Our actual expenses.	Upon demand.	Payable only if there is a sales tax, gross receipts tax, or similar tax or assessment (other than income tax) imposed against us with respect to any payments you make to us under the Franchise Agreement.

Except as otherwise stated, all fees paid to us are non-refundable under any circumstances and are uniform for all new franchisees. We require you to pay fees and other amounts due to us via electronic funds transfer or other similar means. You must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached as **Exhibit E** to the Franchise Agreement or other form that we may require) for direct debits from your business bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure, you authorize us to initiate debit entries and credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported the Gross Revenues for your Nail Studio to us for any reporting period, then we will be authorized, at our option, to debit your account for (a) 110% of the fees transferred from your account for the last reporting period for which a report of the Gross Revenues was provided to us; or (b) the amount due based on information retrieved from any approved Operating System.

Notes:

(1) If your state—or any governmental body in your state—charges a tax on any fee you owe to us, then you are required to pay an additional amount equal to the amount of this tax. This does not apply to any federal or Colorado income taxes we have to pay.

(2) The Minimum Royalty will not begin until the earlier of: upon the opening of your Nail Studio; or the date that is 12 months from the date you signed your Franchise Agreement.

"Gross Revenues" is defined as the total amount of revenues you receive from all business activities and all other income of every kind and nature related to, derived from, or originating

from the Nail Studio, plus the fair market value of products delivered and services rendered to you in consideration for products and services provided in, from, or in conjunction with your Nail Studio. Gross Revenues excludes bona fide refunds, credits for returns, and amounts collected and paid for sales taxes.

(3) If Monday is a banking holiday, the payment will be due on Tuesday.

(4) This fee is paid for support of your studio management software and its updates. The Technology Fee also supports email hosting, access to our online franchisee information system, our learning management system, other System-wide technology maintenance, improvements, and upgrades, and such other technology or software as we may establish from time to time. This fee does not include support for any other third-party software, such as malicious software protection. We may either require you to pay this fee directly to us, or pay it directly to any provider of that software, and sign a license agreement directly with that provider for the provision of the software. We may increase this fee during the term upon notice to you to cover additional costs for the license and support of required software, digital applications and successor technology and replacements thereto.

(5) A person owning more than a 10% interest in your Nail Studio and signing or guaranteeing the Franchise Agreement, who we will refer to throughout this Disclosure Document as a "**Principal Owner**," is required to attend our Annual Conference each year. This fee will cover the cost of that registration. The Principal Owner must register for the Annual Conference at least 120 days before it begins, or you will forfeit this fee. If a Principal Owner cannot attend the Annual Conference, we will consider, at our discretion, allowing you to transfer the registration to your Principal Operator, but not to any other person. If you want to send additional people to the Annual Conference, you will pay an additional registration fee for each one.

(6) If you transfer the franchise before you open the Nail Studio, the fee will be $10,000. If you transfer the franchise after you open, the transfer fee is $5,000.

(7) We may ourselves, or through an independent service, conduct a "mystery customer" quality control and evaluation program. You must participate in this program, and we may require that you pay us our then-current costs for the provision of this program, or the then-current charges imposed by the evaluation service (as we direct, either directly to the evaluation service provider or to us as a reimbursement).

(8) If you require or request additional assistance beyond what we provide, you can request that we send or make available a representative to provide further assistance to you. If we agree to provide this additional assistance, we must agree in advance to the charges you will pay and the length of the visit, if applicable. We may also require you to receive additional assistance if you are not meeting our requirements, if we determine, in our sole discretion, additional preopening or post-opening assistance is required, or if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive. Our current rate for additional assistance is $500 per day, per representative, plus the cost of travel, lodging, and meals, but we reserve the right to adjust that rate periodically in our Operations Manual.

(9) You and your principals agree to indemnify, defend and hold us, our affiliates and their respective shareholders, owners, directors, officers, employees, agents, successors, and assignees ("**Indemnitees**") harmless against and to reimburse them for all claims, obligations, liabilities, and damages ("**Claims**"), including any and all taxes, directly or indirectly arising out

of, in whole or in part: (a) the operation of your Nail Studio, including the use, condition, construction and build-out, equipping, decorating, maintenance, or operation of the Nail Studio premises, the sale of any products and services, and your advertising; (b) the use of the Marks and other proprietary material; (c) any Franchise Agreement and/or any Area Development Agreement, or the operation of your Nail Studio(s) in any manner inconsistent with those agreements or any other agreement you sign with us; (d) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your principals of any patent, mark, or copyright or other proprietary right owned or controlled by third parties; or(e) libel, slander, or any other form of defamation of us, the System, or any franchisee or developer operating under the System, by you or by any of your principals. For purposes of this indemnification, "Claims" will mean and include all obligations, actual, consequential, punitive, and other damages, and costs reasonably incurred in the defense of any action, including 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 or not such claims exceed the amount of insurance coverage available through you to us. We will have the right to defend any such claim against it in such manner, as we deem appropriate or desirable in our sole discretion. Such an undertaking by us will, in no manner or form, diminish you and each of your principals' obligations to indemnify the Indemnitees and to hold them harmless. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Franchise Agreement.

(10) If we terminate your Franchise Agreement for cause, you must pay to us within five days after the effective date of termination liquidated damages equal to the lesser of (i) the sum of weekly Royalty Fees that would have been due through the expiration of the term of the Franchise Agreement, or (ii) the sum of weekly Royalty Fees that would have been due for a period of three years from the termination date; in each case calculated by taking the average weekly Royalty Fees you paid to us for the 12 month period prior to the termination date and amortizing it for such calculation period; provided that if your Nail Studio was not open for such entire 12 month period, utilizing the average weekly Royalty Fees paid to us by Nail Studios within the System for any period in which your Nail Studio was not open and operating. If we terminate your Area Development Agreement for cause, you must pay to us within five days after the effective date of termination, liquidated damages equal to $10,000 for each Nail Studio you failed to develop under that Agreement.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE (NOTE 1)	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 2)	$44,500	$49,500	Lump sum	Upon signing the Franchise Agreement	Us
Travel and Living Expenses While Training (Note 3)	$1,650	$2,000	As incurred	As incurred during training	Airlines, hotels, restaurants

TYPE OF EXPENDITURE (NOTE 1)	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Rent and Security Deposit (Note 4)	$8,000	$22,500	Monthly	Signing lease and thereafter	Landlord
Leasehold Improvements (Note 5)	$125,500	$246,000	Before opening	Varied times	Building contractor
Architect/Design Fees (Note 6)	$12,475	$13,475	At time of design	As specified in contract	Architect
Furniture and Fixtures (Note 7)	$3,500	$82,000	As agreed	Varied times	Vendors
Equipment (Note 8)	$4,200	$5,500	As agreed	Varied times	Vendors
Office Supplies (Note 9)	$300	$500	As agreed	Varied times	Vendors
Technology Fees (Note 10)	$1,817	$2,256	Before opening	As incurred	Us
Initial Technology Expenses (Note 11)	$2,200	$4,800	Lump Sum	Before opening	Vendors
Signage – Exterior + Interior (Note 12)	$10,000	$12,000	Before opening	As agreed	Vendors
Initial Inventory (Note 13)	$8,500	$10,500	Before opening and as needed	At delivery	Us, Vendors
Grand Opening Advertising (Note 14)	$15,000	$20,000	As agreed	Varied times	Third parties, Us
Insurance	$1,400	$1,700	As agreed	Before opening	Third parties
Miscellaneous Expenses (Note 15)	$2,500	$3,000	As agreed	As incurred	Vendors
Additional Funds and Working Capital for First 3 Months (Note 16)	$28,500	$55,000	As incurred	As incurred	Vendors, Third parties
Extension Fee	$0	$500	As incurred	Only due if requesting an extension to your required opening date	Us
TOTAL (Note 17)	**$270,042**	**$531,231**			

Notes:

(1) The high and low ranges in the table are based on an average Nail Studio. We recommend that studios have 16 nail care stations—including manicure and pedicure stations. These fees are non-refundable unless otherwise noted.

(2) The Initial Franchise Fee is generally $49,500. However, we discount the fee in certain specific circumstances including a reduced initial franchise fee of $44,500 to existing franchisees of ours that are open and in good standing, and to certain members and former members of the United States Military. Certain discounts are tied to you signing an Area Development Agreement and committing to open two or more Nail Studios. In that case, if you meet the conditions necessary to pursue this, the Development Fee for your first studio will be $49,500, plus amounts for additional units as follows: (i) $39,500 for the second unit; and (ii) $29,500 per unit for the third or more units.

(3) The Principal Operator of your studio must attend mandatory training at one of our corporate regional training centers as designated by us, or at another place we designate. In addition, if your Principal Operator is not also a Principal Owner, a Principal Owner must also attend and complete this training to our satisfaction before you open your Nail Studio. While we do not charge for this training, you must pay for airfare, meals, transportation costs, lodging, and incidental expenses for all Initial Management Training Program attendees. The estimates are the estimated costs for two people to attend the Initial Management Training Program for two days.

(4) Our estimate for rent assumes you will lease space for your Nail Studio. Nail Studios are generally located in commercial retail areas. The typical size of a Nail Studio ranges between 1,200 to 1,800 square feet. Our estimates are based on a 1,500 square foot studio. Rent for these locations will be location specific but will typically vary from $20 to $35 per square foot per year, not including common area maintenance charges ("**CAM**") or tax expenses. Your rent may be higher depending on a number of factors, including but not limited to, the community and location of your Nail Studio, the condition of building, visibility to traffic, and other factors. Generally, your landlord will require that you pay the first month's rent, plus a security deposit, at the time you sign the lease. The low end of this estimates assumes you have negotiated with your landlord to occupy your space rent-free for at least the first three months of operation. This arrangement may or may not be available to you. The high range includes three months of rent and a security deposit.

(5) Our estimate for initial expenses for improvements assumes you will lease space for your Nail Studio. Nail Studios are generally located in commercial retail areas. Your landlord may provide "tenant improvement" credits that you can use to offset some of the costs of the leasehold improvements.

You will need to employ a qualified licensed general contractor to construct the improvements to, or "build out," the premises who is acceptable to us. The amount of your leasehold improvements will likely vary substantially based on existing conditions, size, and design, as well as the availability and prices of labor and materials. The amounts do not include the costs of any necessary site development or site engineering work, nor do they include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment. In addition, these amounts do not reflect costs for the purchase of unimproved land and construction of a free-standing Nail Studio, which also would result in a significantly greater initial investment. You should carefully investigate all of these costs in the area where

you wish to establish your Nail Studio. In addition, we assumed the general contractor will include permitting fees in the construction costs.

(6) We will provide you with a prototype set of construction drawings of our standard layout for a Nail Studio. You will need to work with our designated vendor to develop a basic design and layout for your particular Nail Studio and provide that vendor with detailed as-built drawings and existing condition information to facilitate the design of the space for your location. You will then need to contract with licensed and qualified design professionals to create a complete set of detailed construction drawings for your location, including, but not limited to, architectural, mechanical, plumbing, and electrical. The low estimate assumes standard tenant improvements and excludes items such as structural construction, site surveys, site plans, energy studies, exterior improvements, or building elevations. The high estimate assumes that structural changes will need to be made to your location, and that you will need to hire an architect to prepare plans for your location and to create construction drawings that will be used by your local contractor to secure construction permits and to build your location.

(7) This estimate will vary depending on whether you obtain financing, the size of your studio and your needs for specific furnishings and equipment. This includes the furniture for your nail care stations and common areas, including manicure and pedicure stations, one handwash station, pedicure carts, your reception desk, chairs for technicians and customers, your retail display, storage for your nail dispensary and supplies, and some of your lighting. It also includes equipment for eight nail care stations, eight pedicure stations, laundry, and the employee break room. The low end assumes that you finance your purchase of these items, and assumes you are required to put down your first month's payment and a security deposit equal to a one-month payment. The high end assumes that you purchase these items outright.

(8) This estimate includes certain equipment needed for the operation of your studio, including manicure curing and table lights, towel warmers, an autoclave, and appliances for your employee break room and nail dispensary.

(9) Before beginning operations, you must purchase an assortment of office equipment and supplies as described in the Operations Manual, including paper, pens, folders, and supply cabinets.

(10) You will begin paying the Technology Fee to us on the 15th day of the month after you sign your lease for your Nail Studio, and each 15th day of the month thereafter. We estimate that the amount of this fee that you pay to us before opening will range from $1,317 to $1,756 depending on when you open your Nail Studio, assuming you open within our estimated timeframes. This estimate also includes the $500 technology set-up fee you pay upon the signing of your lease.

(11) The low end of this estimate assumes you lease our minimum technology requirements, which include a Point of Sale (POS) and reception system consisting of a computer, iPad, credit card reader, receipt printer, barcode scanner, cash drawer, a VoIP phone system, Broadband internet access, and related equipment. Additional required technology includes a sound system, a security system, a computer for management use, a computer for staff use, related equipment at your location. The high end of this estimates assumes you purchase and install the required technology at your location.

(12) This estimate assumes you purchase your interior and exterior signage. The total cost for the signage varies depending on the size of the signs, quantity, whether the signs are illuminated, and the requirements of the landlord and governing authority.

(13) Your initial inventory of nail care supplies and retail products will include disposable implements, gloves, linens, and other supplies and products as described in the Operations Manual. We have the right to change the inventory requirements at any time. This amount includes the purchase of certain items from our affiliate, Burst Distribution.

(14) Before your Nail Studio opens, you will be expected to advertise its opening and create a Grand Opening and Ramp Up Plan that we approve. The Grand Opening and Ramp Up Plan may include digital media, print media, television advertising, radio advertising, billboards and other outdoor signage. You must provide us with a Grand Opening and Ramp Up Plan that we approve at least 30 days prior to the opening of your Nail Studio, which outlines your plan for the grand opening advertising of your Nail Studio. We may require you to work with one or more vendors that we designate to execute the Grand Opening and Ramp Up Plan. During the period of time beginning 30 days before until 90 days following the opening of the Nail Studio, you must spend a minimum of $15,000 to implement a grand opening advertising and promotional campaign. We, at our sole discretion, may require you to purchase certain digital media, print media, television, advertising, radio advertising, billboards, signage, plus graphic designs, layouts, and written copy for advertisements, from us or from other vendors that we designate. We may require you to provide proof that these funds were spent. If you fail to spend the minimum required amount on the Grand Opening and Ramp Up Plan, we have the right to collect from you the difference between what you should have spent for the Grand Opening and Ramp Up Plan and what you actually spent. The amounts you spend on the Grand Opening and Ramp Up Plan are in addition to the General Advertising and Marketing Fees that you must pay to us. The Grand Opening and Ramp Up Plan may include digital media, print media, television advertising, radio advertising, billboards, or other outdoor signage. In addition to costs associated with the Grand Opening and Ramp Up Plan, you must purchase certain marketing materials such as branded promotional products, printed materials, large format indoor or outdoor signage, and similar items, from us or a designated supplier.

(15) This amount includes utility costs, licensing fees, criminal background checks on all your initial employees, and professional expenses such as legal and accounting.

(16) This amount includes estimated operating expenses you should expect to incur during the first three months of operations, not including any revenue generated by your Nail Studio. These figures do not include any taxes or other permitting or licensing fees that you may pay.

(17) We have relied on our experience in opening our affiliate's Nail Studio in the Denver, Colorado metropolitan area and our knowledge of our franchisees' experience to compile these estimates. It is possible to significantly exceed costs in any of the areas above. You must bear any deviation or escalation in costs from the estimates that we have provided. Many factors that are unique to your location can make a dramatic difference in the estimates provided. Except as specifically

stated, we do not offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your creditworthiness, your relationship with local banks, your experience in the nail care industry, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges, interest, or debt service obligations. Neither we nor our affiliates offer to finance any portion of this initial investment.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All equipment, furnishings, fixtures, signs, software, software support supplies, and products you purchase for use or sale in your Nail Studio must meet our then-current specifications and be approved by us. Those specifications may include minimum standards for delivery, performance, design, appearance, and quality. We will issue the specifications to you before you begin operating and will also issue the specifications to approved suppliers. We may include these specifications in the Operations Manual, or we may issue them separately. They will also be provided to you upon request. We, however, have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. You must purchase all additional products and other items for use in your Nail Studio solely from manufacturers, distributors, and suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the manual or otherwise in writing. You may not purchase, offer or sell any products or services, or use at your Nail Studio any products or other items that we have not previously approved as meeting our standards and specifications. We do not provide you any material benefits (such as—among other things—renewal rights or the right to acquire additional franchises) based on your purchases from approved or designated suppliers.

You can expect that the items you purchase to meet our specifications will represent over 80% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent between 70% and 90% of your total expenses.

If you want to purchase items for your Nail Studio that we have not previously approved (except for certain proprietary items that are available from a mandatory vendor as described below), or items that differ from our specifications, you must notify us in writing. If we request, you must submit samples and other information we require for testing or to otherwise determine whether the product, material, or supply meets our specifications and quality standards. Our criteria for supplier approval is outlined below, and we may also impose a fee for our consideration.

As noted above, we may require you to purchase certain furniture, equipment, inventory, supplies, services, and other products used or offered at your studio from vendors we approve, in which case we will provide you with a list of approved suppliers. These will include mandatory vendors (persons from whom you must purchase certain items or services), designated vendors (for items or services that must be purchased from vendors we approve), and preferred vendors (for vendors we have approved, but in categories where we do not require you obtain our approval of the vendor). These suppliers may pay vendor rebates to our company.

We have eight outside mandatory vendors.

(1) You must purchase certain branded and proprietary items for use in your Nail Studio, including proprietarily labeled back bar items, nail polishes, retail and other items, from our affiliate, Burst Distribution.

(2) You must obtain your studio management software from our mandatory vendor. The cost of this software is included in the Technology Fee you pay us.

(3) You must purchase certain proprietary furniture and design elements required for your Nail Studio from our required vendor, including without limitation, your reception desk, manicure and pedicure stations, millwork, carts, polish displays, and certain other proprietary furniture and design elements for your Nail Studio.

(4) You must purchase the chairs for your Nail Studio from our required vendor.

(5) You must utilize our required vendor for creating your architectural construction documents, which include the design and layout for your Nail Studio under our requirements. These documents will be utilized by you to obtain construction bids from potential contractors.

(6) One of our vendors currently has established an online purchasing portal for certain printed proprietary marketing and promotional items, and you must purchase from us or this vendor the required branded marketing materials we require for use in your Nail Studio.

(7) In order to ensure integrity of reporting and financial information, you must utilize our required provider of bookkeeping and reporting services, which is integrated to our designated studio management software.

(8) You must use our required vendor for our learning management system. The fee for using this system is included in the Technology Fee.

In addition, we currently have two approved vendors to provide certain back-bar and retail products utilized and sold at your Nail Studio, including sugar scrubs, body lotions, and salt soaps, and you must utilize our designated sources of nail polishes for use in your Nail Studio.

As further described above, we have the right to designate a single source or sources from whom you must purchase any required products and services, and we and/or our affiliates may be that single source or one or more of the sources. Except as described above, as of the issuance date of this Disclosure Document, neither we nor our affiliates are the only approved suppliers of any required products and services. We may add or delete such items which must be purchased from us or our affiliates at any time. It is anticipated that we and our affiliates will derive revenue from the purchase of such items.

When we have a designated vendor (other than a mandatory vendor), if you want to purchase from other vendors the items or services for which that vendor has been designated, you must notify us in writing and obtain our approval. If you seek approval of a new supplier (or if the supplier applies directly to us for approval), we will require you or the supplier pay us a nonrefundable fee of $250 before we will consider approving their application. This fee is intended to defer our cost of reviewing the supplier. We may also require the supplier to sign a supplier agreement with us.

We may also negotiate preferred vendor contracts with vendors. The preferred vendor contracts will usually provide favorable pricing to our franchisees. A list of current vendor contracts will be available to you from us at any time after you sign your Franchise Agreement.

In reviewing prospective suppliers, we consider whether the product or service is consistent with our concept and brand; how they or their products or services would enhance our brand and make it more attractive to customers or franchisees; how the product or service would improve the studio experience of a customer; how the product or service would increase revenue of a franchisee's business; how the product or service would increase the efficiency of a franchisee; whether, if the product or service is already available through other sources, approval of another vendor would enhance competition or dilute our ability to maximize pricing benefits for our franchisees; whether the product is of a commercial quality with a proven record of durability; whether the supplier supports our values; and other factors. In addition, we consider demand from franchisees, the need for the vendor based on business trends, and the ability of the vendor to serve franchisees throughout the United States. We will generally notify you and the supplier of our approval or disapproval within 45-60

days of our receipt of all the information and samples we request. If we revoke approval of any supplier or any item offered by a supplier, we will send you written notice of our revocation of an approved supplier or item.

In the future, we may derive revenue from your purchases or leases of goods, services, supplies, fixtures, equipment, inventory, and products from our mandatory, designated, or preferred suppliers. These rebates will generally range from 5% to 10% of the purchases you make from the vendor. There are also some vendors that may pay us fixed rebates on supplies and services. There are no caps or limitations on the maximum amount of rebates we may receive from our suppliers as the result of franchisee purchases. In our last fiscal year, which ended December 31, 2022: (a) we received $19,649.36, or 1.4% of our total gross revenues of $1,412,715, as a result of franchisee purchases of goods or services, and (b) our affiliate Burst Distribution received $92,234.88 in revenue as a result of franchisee purchases of goods or services.

We may negotiate other purchase arrangements in the future with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers and distributors.

Our Co-Chief Executive Officers, Guy Coffey and Stephanie Coffey, each own an interest in Burst Distribution.

Other Required Purchases

Marketing and Advertisements

We have designated a vendor to maintain a marketing portal for our System, which includes our brand assets, marketing photos, and other marketing materials for print. There is no cost to you to access the portal. If you plan to use your own advertising materials for any marketing activity, you must obtain our prior approval, which may be granted or denied in our sole discretion.

We have designated a vendor to provide a social digital content management platform. There is no direct cost to you to access this platform.

We have designated a vendor to provide social and digital content advertising services.

We may require you to utilize these services upon notice to you. You must obtain our approval before establishing, or having established, any websites, profiles, or accounts relating to us, your Nail Studio, or the FRENCHIES system.

Technology, Computer Systems and Required Software. We also require that you purchase, maintain and upgrade, as necessary, certain computer hardware, software and computer-related hardware, equipment, systems, services, and you must license or sub-license certain required software and digital applications from us or designated vendors. You must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements. We do not currently, but reserve the right to, require you to maintain support service contracts and/or maintenance service contracts from designated approved suppliers.

Lease of Premises. You must purchase or lease a retail space for your Nail Studio that meets our standards and specifications for a Nail Studio. We must approve your location; we have the right to review, evaluate, and approve your proposed lease before execution. We may condition our approval of any proposed lease on, among other things, the execution of a Collateral Assignment of Lease where your landlord grants us the right to assume your rights and obligations under the lease in the event that you breach your lease agreement or your

Franchise Agreement is terminated or expires. We may require you to deliver executed copies of the lease and the Collateral Assignment of Lease to us within five days of receiving a request from us.

As noted above, we currently have a required third-party supplier to prepare all designs and plans for the Nail Studio, including architectural construction drawings. You must hire a qualified licensed general contractor to construct the Nail Studio.

Insurance. You must obtain and maintain in force (and pay the premiums for) general liability insurance with complete operations coverage, broad form contractual liability coverage, property damage, and other insurance as we require from time to time. The carriers may be required to have minimum ratings that we require from time to time. The policies will expressly protect both you and us. You will be required to furnish a certificate of insurance naming us as an additional insured and providing that the policies will not be canceled, amended, or modified without giving us 30-days' notice. If you fail to obtain or maintain the required insurance, we may (but are not required to) obtain insurance on your behalf, require prompt reimbursement for the premiums, and charge you an administrative fee.

Presently we require you to maintain the following minimum insurance coverages: (i) comprehensive general liability insurance with limits of at least $1,000,000 per occurrence, and $3,000,000 general aggregate; (ii) abuse and molestation coverage with limits of at least $1,000,000 per occurrence and $300,000 in the aggregate; (iii) all risks coverage for full repair and replacement value of all of the property, equipment, furniture, fixtures and supplies used in your Nail Center; and (iv) minimum insurance requirements as may be required by the landlord for the premises of your Nail Studio. (Franchise Agreement, Section 11.A)

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 Franchise Disclosure Document.

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Sections 7 and 8.A	Sections 3.B.3 and 3.B.4	ITEM 7 and ITEM 11
b. Pre-opening purchases/leases	Sections 6.F, 7, and 9	Not Applicable	ITEM 5, ITEM 6, and ITEM 8
c. Site development and other pre-opening requirements	Sections 7, 8, and 9	Not Applicable	ITEM 7 and ITEM 11
d. Initial and ongoing training	Section 8	Not Applicable	ITEM 11
e. Opening	Sections 1.A, 6.A, 6.F, 7.B, 8, and 9	Sections 3.A, 3.B, and Rider	ITEM 7, ITEM 11, and ITEM 12

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
f. Fees	Sections 1.A, 2.B.4, 4, 5, 7.C, 8.E, 9.E.7, 9.F, 9.R, 9.S, 11.A, 13.B.9, 14.D, 16.G, 18.A, 18.B, 18.C.2, 20.A, and Rider	Sections 2, 6.B, and Rider	ITEM 5 and ITEM 6
g. Compliance with standards and policies/operating manual	Sections 1.A, 2, 3, 6, 7, 8.B, 8.H, and 9	Not Applicable	ITEM 5, ITEM 8, ITEM 11, ITEM 14, and ITEM 16
h. Trademarks and proprietary information	Sections 1.D, 3, 6, 9, 10, 16, and Rider	Not Applicable	ITEM 13 and ITEM 14
i. Restrictions on products/services offered	Sections 9, 14.C, and 20.M	Not Applicable	ITEM 8, ITEM 11, and ITEM 16
j. Warranty and customer service requirements	Sections 8.I and 9	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Sections 1, 3, 5.A, and Rider	ITEM 12
l. Ongoing product/service purchases	Section 9	Not Applicable	ITEM 8
m. Maintenance, appearance, and remodeling requirements	Sections 1.A, 2.B, 8.B, 9, 13.B, and 16.F	Not Applicable	ITEM 6 and ITEM 11
n. Insurance	Section 11.A	Not Applicable	ITEM 6, ITEM 7, and ITEM 11
o. Advertising	Sections 3.D, 5.B, 6, and 9.B	Not Applicable	ITEM 6, ITEM 7, ITEM 8, ITEM 11, ITEM 12, and ITEM 13
p. Indemnification	Section 11	Not Applicable	ITEM 6
q. Owner's participation/ management/staffing	Sections 8 and 9.L	Not Applicable	ITEM 6, ITEM 11, and ITEM 15
r. Records and reports	Sections 5, 9.E, 9.N, 12, and 14.B	Not Applicable	Not Applicable
s. Inspections and audits	Sections 7.C, 8.I, 9.H, and 12	Not Applicable	ITEM 5, ITEM 6, and ITEM 11
t. Transfer	Sections 9.X, 13, and 14.B	Section 7	ITEM 6 and ITEM 17

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
u. Renewal	Section 2.B	Not Applicable	ITEM 6 and ITEM 17
v. Post-termination obligations	Sections 10, 16, 17.B, and 18.A	Section 6	ITEM 17
w. Non-competition covenants	Sections 16.I, 17, and 18	Section 8	ITEM 15 and ITEM 17
x. Dispute resolution	Sections 9.P and 18	Section 8	ITEM 17
y. Other: guaranty of franchise obligations (Note 1)	Personal Guaranty (**Exhibit A** of the Franchise Agreement)	Personal Guaranty (**Exhibit A** of the Area Development Agreement)	ITEM 15

Notes:

(1) Each individual who is an owner of any business entity that is the franchisee (and their spouses) must sign a personal guaranty of all the franchisee's obligations in substantially the form of **Exhibit A**, which is attached to the Franchise Agreement. This Guaranty also includes an agreement to be bound by the confidentiality and non-compete provisions of the Franchise Agreement.

ITEM 10
FINANCING

We do not offer, directly or indirectly, any financing to you to help you establish your business, except as set forth in this Item 10. We do not guarantee your notes, leases, or other obligations. We do have an arrangement with a third-party lender who provides financing to our franchisees, as follows:

Geneva Capital, LLC ("Geneva") offers financing of up to $75,000 per studio, including furniture and fixtures, equipment, office equipment and supplies, and signage (but excluding your initial franchise fee and working capital), based on credit approvals. Financing is offered as a lease that requires a range of down payment from one (1) advance monthly payment to up to 20% of the lease amount, depending on your credit strength. Geneva also collects a security deposit equal to one month's lease payment. Lease terms vary from 36 to 60 months. Geneva offers both true tax and capital leases. Fixed equivalent interest rates typically vary from 7.99% to 11.99% per annum, based on your financial and credit worthiness. Geneva will not require you to pledge any other assets to secure the lease, but you must provide a personal guaranty. The amount of your lease payments will depend on the amount financed, the term of the lease, and the interest rate. Depending on the lease option you choose, you will have the right to purchase the equipment at the end of the lease at either fair market value, typically capped at 10% or 20% of the original equipment cost, or $1, assuming you have not defaulted under the lease. The ability to prepay your obligations is negotiated on a case-by-case basis.

You will be in default under Geneva's lease documents if you fail to pay amounts owed when due or you breach any other provision of the lease documents. If you commit a payment default, you must pay a late charge of 15% of the payment which is late, or $15, whichever is greater or, if less, the maximum charge allowed by law. Regardless of the type of default, Geneva may retain your security deposit, elect not to renew any or all timeout controls programmed within the equipment, terminate or accelerate the lease and require that you pay the

remaining balance of the lease (discounted at 6% per annum), and any purchase option due, and/or return the equipment to Geneva. Geneva may recover interest on the unpaid balance at the rate of 8% per annum. If may also exercise any remedies available to it under the Minnesota Uniform Commercial Code or the law of its assignee's principal place of business. It may also file criminal charges against you and prosecute you to the fullest extent of the law if any information supplied by you on your credit application or during the credit process is found to have been falsified or misrepresented. You must also pay Geneva's reasonable attorneys' fees and actual court costs. If it has to take possession of the equipment, you must pay the cost of repossession including damage to the equipment or real property as a result of repossession. (Lease Agreement – Section 11)

Under the personal guaranty, which is contained in Geneva's equipment lease agreement, you waive all notices. If you default under the lease agreement, Geneva may obtain and use consumer credit reports to determine acceptable means of remedies, and you waive any right or claim you may otherwise have under the Fair Credit Reporting Act and under the Uniform Commercial Code Section 2A (Lease Agreement – Section 11). Because the lease is a non-cancelable net lease you are not entitled to any reduction of rent or any setoff for any reason, nor will the lease terminate or will your obligations be affected by any default in, damage to or loss or possession or use of any of the equipment (Lease Agreement – Section 2). You waive any and all rights or remedies not in the lease (Lease Agreement – Section 12) and you and your guarantors consent to personal jurisdiction in the state that Geneva or its assignee, as applicable, has its principal place of business and you and your guarantors waive trial by jury. If Geneva transfers the lease the transferee will not have to perform any of Geneva's obligations and the rights of the transferee will not be subject to any claims you have against Geneva (Equipment Lease Agreement – Section 10). We do not receive any consideration from Geneva as a result of its provision of financing to our franchisees. A copy of the current Geneva lease documents as of the date of this Disclosure Document is attached as **Exhibit I**.

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

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

Under the Franchise Agreement: Before you open your Nail Studio, we will:

(1) Designate your protected territory. (Franchise Agreement – Section 1.C/Rider)

(2) Provide you with consulting services to assist you in determining the evaluation criteria for selecting the site location for your business. (Franchise Agreement – Section 8.A)

(3) Provide you access to our Operations Manual that contains mandatory and suggested specifications, standards, and procedures. The Operations Manual consists of one or more manuals, technical bulletins, or other written materials and may be modified by us periodically in our discretion. (Franchise Agreement – Sections 8.H and 9.O) The manual currently contains 53 pages. A copy of the table of contents of the manual is attached to this Disclosure Document as **Exhibit D**.

(4) Provide you with a prototype floor plan, as well as a list of the equipment, displays, fixtures, and furnishings for setting up or remodeling your studio. (Franchise Agreement – Section 8.B)

(5) Provide, at our expense, the Initial Management Training Program for you, or if you are a legal or business entity, your Principal Owner and one (1) additional person (including the Principal Operator) at a location we designate (Franchise Agreement - Section 8.C). You are expected to attend this training program at least 60 days before you open your Nail Studio. If you purchase an existing Nail Studio or convert an existing business to a Nail Studio, you are required to attend training within 30 days after

you sign the Franchise Agreement. You will be responsible for all travel expenses for all participants attending the Initial Management Training Program, including airfare, lodging, meals, ground transportation, and personal expenses. (Franchise Agreement – Section 8.C)

(6) We will assist you in developing a grand opening advertising program; you will be responsible for the cost of this program. (Franchise Agreement, Section 6.F)

(7) We will provide you a list of our then-current designated or approved suppliers. (Franchise Agreement – Section 8.G)

Under the Area Development Agreement: Before you open the Nail Studio:

(1) We will approve or deny your proposed site for each Nail Studio. (Area Development Agreement, Section 3.B.3)

(2) We will provide you with site selection guidelines, including our minimum standards for Frenchies studio sites, and other site selection counseling and assistance as we deem appropriate. (Area Development Agreement, Section 3.B.3)

We are not required by the Franchise Agreement or Area Development Agreement to furnish any other service or assistance to you before the opening of your Nail Studio.

Under the Franchise Agreement: During the term of the Franchise Agreement, we will:

(1) Make a representative reasonably available to speak with you on the telephone or through electronic means during normal business hours to discuss your operational issues and support needs. (Franchise Agreement – Section 8.J)

(2) We may conduct or arrange, as we deem advisable, periodic inspections or mystery shopping services, to shop your Nail Studio periodically during the term of your Franchise Agreement and provide the results to you. (Franchise Agreement – Section 8.I)

(3) Include location-specific information regarding your Nail Studio on any Internet website that we establish, in our discretion. (Franchise Agreement – Section 6.D)

(4) Make available additional training that we feel is necessary to familiarize you and your management team on changes and updates in the franchise system. (Franchise Agreement – Sections 8.F and 8.K)

(5) Maintain and administer the General Advertising and Marketing Fund. (Franchise Agreement – Section 5.B)

The Franchise Agreement does not require us to provide any other assistance or services to you during the operation of the Nail Studio. As the Area Development Agreement relates to the development of Nail Studios, the Area Development Agreement does not require us to provide any other assistance or services during the operation of the Nail Studio.

Training

Initial Management Training Program – Section 8.C of the Franchise Agreement

Between the time you sign the lease for your Nail Studio and the opening of your Nail Studio, we provide an approximately two week initial training program ("**Initial Management Training Program**"). The first week of the Initial Management Training Program will either be offered virtually or be conducted at a location we designate, in our discretion. Currently, approximately two days of the first week of training takes place in Littleton Colorado, and the remaining portion is presented virtually on non-consecutive days. The second week of the Initial Management Training Program may be offered virtually, or conducted at your Nail Studio, Littleton, Colorado or such other location we designate. There is no charge to you and up to one additional person to attend this training, but you are responsible for all travel and living expenses that you and your employees incur in attending the training. The person you designate as your Principal Operator, and someone owning more than a 10% interest in your business (if not the Principal Operator), must attend and complete this training program to our satisfaction at least one week before opening.

The following represents a summary of our Initial Management Training Program as of the date of this Disclosure Document:

INITIAL MANAGEMENT TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Introduction to FRENCHIES	3	0	Internet/Littleton, CO
Operations/Employee Experience	12.5	1	Internet/Littleton, CO
Performance Measurement/Scoreboards	4	0	In Studio/Internet/ Littleton, CO
Information Technology/POS	8	8	In Studio/Internet/ Littleton, CO
Financial/Accounting	2	0	Internet/Littleton, CO
Procurement (Vendors/Suppliers)	2	0	Internet/Littleton, CO
Sales/Marketing	6	0	Internet/Littleton, CO
Hands-On Operations Training	0	10-15	In Studio/Littleton, CO
Total Training Time	**37.5**	**19-24**	

The Initial Management Training Program is overseen by Kayla Bramlet. Kayla is a licensed manicurist and has been our Director of Training since January 2018. For the three years prior to that, Kayla worked and managed the Nail Studio in Littleton, Colorado operated by our affiliate, Frenchies Revolution. She also is a joint owner of a Nail Studio and has been since November 2018. We currently hold our training programs on an as-needed basis. We may in the future modify our schedule.

Other members of our training staff at our Designated Training Center may conduct training as necessary, and we may delegate our duties and share our training responsibilities. Training staff will have a minimum level of experience working in the nail and/or beauty industry, or in business ownership, for at least three years, and will have at least six months experience working within the Frenchies system.

The Operations Manual serves as our primary instructional material during the Initial Management Training Program.

If you have more than one Franchise Agreement with us, we may, at our option, provide this training one time for multiple agreements.

If you require or request additional assistance beyond what is provided by us, you can request that we send a representative to provide further assistance to you. If we provide additional assistance at your request, we must agree in advance to the charges you will pay and the length of the visit. The cost of additional assistance will depend on your needs and the amount of assistance you desire. We may also require you to receive additional assistance (a) if you are not meeting our requirements, (b) if we determine, in our sole discretion, additional pre-opening or post-opening assistance is required, or (c) if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive. This additional assistance will be at your expense as described above. Our current published rate for additional assistance is $500 per day, per representative, plus the cost of travel, lodging, and meals, but we reserve the right to adjust that rate periodically in our Operations Manual. (Franchise Agreement - Section 9.L). Additionally, we may from time to time offer optional in-person "fundamentals" or "back-to-the-basics" training sessions at locations we designate. As of the date of this Disclosure Document, fees for these optional training sessions range from $25 to $50 per participant.

Annual Conference

We may hold an annual conference to discuss sales techniques, new services and products, training techniques, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures, nail technician training, and other topics. You must pay the then-current conference fee for each attendee (currently $399, based on early registration), and all travel and living expenses to attend. We require a Principal Owner to attend these annual conferences. The conferences will be held at various locations that we will designate. (Franchise Agreement - Section 8.E).

Advertising Programs

General Advertising and Marketing Fund – Section 5.B of the Franchise Agreement

Under the Franchise Agreement, each franchisee must contribute amounts to the FRENCHIES "**General Advertising and Marketing Fund**" equal to 2% of weekly Gross Revenues; provided that we may increase this contribution to up to 3% of weekly Gross Revenues upon notice to you. You must contribute to this fund at the same time you pay your Royalty Fee, based on the amount of Gross Revenues you generated in the previous reporting period. We require all our franchisees to contribute to this fund, and our company or affiliate owned studios must contribute to the General Advertising and Marketing Fund at the same percentage rate as similarly situated franchisees. We do not presently have a local or regional advertising cooperative franchisees must participate in or an advertising council comprised of franchisees, but we retain the right to require that an advertising cooperative and /or franchisee advisory council be formed, changed, dissolved, or merged. Our company or affiliate owned studios will participate in any local or regional advertising cooperatives on the same basis as similarly situated franchisees.

We account for the contributions to this fund separately from our other revenues, and we do not use them to pay any of our general operating expenses other than our costs of administering the fund, including salaries and overhead in administering the fund. The purpose of the fund is to develop marketing and advertising programs that benefit the FRENCHIES brand. This means we may use monies in the fund for any purpose that promotes the FRENCHIES name, including the creation, production, and placement of commercial advertising; agency costs and commissions; creation and production of video, audio, and written advertisements; administering multi-regional advertising programs, direct mail, and other media advertising; in-house staff assistance and

related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities, including participating at trade shows. Advertising may be placed in local, regional, or national media of our choice, including print, direct mail, electronic and online advertising, radio, or television. We are not obligated to make advertising expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from expenditures by the General Advertising and Marketing Fund.

We work with national, regional, and local agencies. It is our responsibility to determine how these monies are spent. We are not required to use monies in this fund to benefit any individual market, or on a *pro rata* or other basis. However, we will not spend any portion of these monies for advertising principally designed to solicit the sale of franchises. Advertising monies we collect that are not used in one year will be carried over to the next year. The fund may spend in any calendar year more or less than the total contributions to the fund in that year, borrow from us or others to cover deficits (which borrowing will include the payment of interest) or invest any surplus for future use. In the event that the General Advertising and Marketing Fund borrows funds from us or our affiliates to cover its deficits, we generally will charge interest at the then-standard prime lending rate, over a term reasonably established in order to minimize costs to the fund. In our last fiscal year ended December 31, 2022, expenditures from the General Advertising and Marketing Fund by us were spent as follows:

National Public Relations Agency Fees:	44%
Ad Fund Administration:	31%
Social Content Management Platform:	14%
Recruiting	6%
Website Hosting and Updates:	3%
Outside Graphic Design, Copywriting, Videography, etc.:	2%

We may reimburse ourselves or our authorized representatives from the General Advertising and Marketing Fund administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the General Advertising and Marketing Fund. Any interest the General Advertising and Marketing Fund earns will be used for advertising before we use any principal. At your request, we will make available to you an annual accounting for the General Advertising and Marketing Fund that shows how the fund proceeds were spent for the previous year, but these statements will not be audited.

It is our intention to solicit input on the development of advertising from franchisees who must contribute to the fund on the development of the advertising. However, this input will be advisory only, and we will have the right to make all final decisions about how these monies are spent.

Local Marketing and Advertising Cooperatives – Section 6 of the Franchise Agreement

You are responsible to conduct your own local marketing of your Nail Studio. There are currently no regional or local marketing programs in existence for the System. We may require you to spend 1.5% of the Gross Revenues of your Nail Studio each month on local marketing and provide us proof that these payments were spent. In the event that at least this amount of your Gross Revenues is not spent on local advertising during any calendar month, you must spend the amount of such deficiency during the next succeeding calendar month, in addition to spending at least 1.5% of your Gross Revenues during such calendar quarter on local advertising. In the event that you fail to spend at least 1.5% of your Gross Revenues on local advertising in any calendar month, we have the right to, at our option, spend it on your behalf and remit the amount from you. If we

require you to participate in an advertising cooperative, you will be able to designate a portion of the monies otherwise spent on local advertising towards the funds required by the cooperative. Company-owned and affiliate-owned Nail Studios are not required to spend any minimum percentage of their Gross Revenues on local advertising; however, they will make expenditures in local advertising programs as appropriate. (Section 6.H of the Franchise Agreement).

We have no obligation to conduct any advertising on your behalf. As used in the Franchise Agreement, the term "local advertising" refers to advertising and promotion related directly to the Nail Studio, and unless otherwise specified, consists only of the direct costs of purchasing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), promotion, direct outof-pocket expenses related to costs of advertising and sales promotion (including, but not limited to, advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), and such other activities and expenses as we, in our sole discretion, may specify. Local advertising and promotion does not, however, include any of the following: salaries and expenses of your employees; charitable, political, or other contributions or donations; and the value of discounts given to customers.

We reserve the right, in our discretion, to designate any geographical area for the purposes of establishing a regional advertising and promotional program or cooperative and require you to participate in the program, including contribution of up to 1.5% of your Gross Revenues in the respective program or cooperative. If we establish an advertising program or cooperative in a designated marketing area where you are located, you must participate and abide by any rules and procedures adopted by the cooperative and approved by us. All companyowned and affiliate-owned Nail Studios will become a member of the advertising cooperative for their marketing area and contribute to the applicable advertising cooperative in accordance with the rules and procedures for the advertising cooperative. Each of our marketing areas will encompass a group of franchisees located in a geographically defined local, regional or national marketing area. Amounts contributed by you to a cooperative will be credited against monies you are otherwise required to spend on local advertising. We have the right to draft your bank account for your advertising cooperative contributions and pass those funds on to your cooperative.

Members of the advertising cooperative will be responsible for administration of their respective advertising cooperatives, as stated in the bylaws and any agreements that may govern the cooperative. The bylaws and governing agreements will be made available for review by the cooperative's members. We have the right to require a cooperative to prepare annual or periodic financial statements for review. Each cooperative will maintain its own funds; however, we have the right to review the cooperative's finances, if we so choose. Funds used by the cooperative will consist only of contributions made by the members as described above. The funds will be spent on regional advertising and marketing as approved by a majority of the members who vote as more specifically set out in the bylaws governing the cooperative. We maintain the right to approve all of a cooperative's marketing programs and advertising materials. Upon 30 days written notice to affected Nail Studios, we may terminate or suspend a cooperative's programs or operations. We may form, change, dissolve or merge any advertising cooperative. (Section 6.H of the Franchise Agreement).

Grand Opening Advertising

Before your Nail Studio opens, you will be expected to advertise its opening and create a Grand Opening and Ramp Up Plan that we approve. The Grand Opening and Ramp Up Plan may include digital media, print media, television advertising, radio advertising, billboards and other outdoor signage. You must provide us with a Grand Opening and Ramp Up Plan that we approve at least 30 days prior to the opening of your Nail Studio, which outlines your plan for the grand opening advertising of your Nail Studio. We may require you to work with one or more vendors that we designate to execute the Grand Opening and Ramp Up Plan. During

the period of time beginning 30 days before until 90 days following the opening of the Nail Studio, you must spend a minimum of $15,000 to implement a grand opening advertising and promotional campaign. We, at our sole discretion, may require you to purchase certain digital media, print media, television, advertising, radio advertising, billboards, signage, plus graphic designs, layouts, and written copy for advertisements, from us or from other vendors that we designate. We may require you to provide proof that these funds were spent. If you fail to spend the minimum required amount on the Grand Opening and Ramp Up Plan, we have the right to collect from you the difference between what you should have spent for the Grand Opening and Ramp Up Plan and what you actually spent.. The amounts you spend on the Grand Opening and Ramp Up Plan are in addition to the General Advertising and Marketing Fees that you must pay to us. The Grand Opening and Ramp Up Plan may include digital media, print media, television advertising, radio advertising, billboards, or other outdoor signage. In addition to costs associated with the Grand Opening and Ramp Up Plan, you must purchase certain marketing materials such as branded promotional products, printed materials, large format indoor or outdoor signage, and similar items, from us or a designated supplier. (Section 6.F of the Franchise Agreement).

Marketing Resources, Pre-Approvals For Marketing Materials

You must order sales and marketing materials from our approved suppliers and according to our standards and specifications. If you plan to use your own advertising materials for any marketing activity, you must obtain our prior approval, which may be granted or denied in our sole discretion. Use of logos, Marks, and other name identification materials must be consistent with our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. You must also obtain our approval before establishing, or having established, any websites, profiles, or accounts relating to us, your Nail Studio, or to the FRENCHIES system. You are ultimately responsible for ensuring that your advertising complies with all applicable laws before using it. (Section 6.A of the Franchise Agreement).

Site Selection and Opening

Under a Franchise Agreement – Section 7 of the Franchise Agreement

We, or a third-party vendor we designate, will provide you with consulting services to assist you in evaluating and selecting a site for your Nail Studio. It is your obligation to select a site for your studio and obtain our approval of that site. While we will assist you, we do not locate or select a site for you, or negotiate the purchase or lease of a site, and we do not generally own the premises and lease them to you. We also do not provide assistance in conforming the premises to local ordinances and building codes and obtaining any required permits, constructing, remodeling, or decorating the premises, or hiring and training employees. Before you acquire any site, you must submit to us information and materials we require and obtain our approval of your site. The lease you ultimately sign must include a Collateral Assignment of Lease in substantially the form of **Exhibit C** to the Franchise Agreement. The factors we take into account in approving a site are the visibility of the site, the retail "feel" of the site, the location of competitors, whether the site is easily accessible, and similar factors. A Nail Studio should have at least 1,200 square feet, and we recommend no larger than 1,800 square feet, and we recommend your build out provide for eight manicure stations and eight pedicure stations. We will generally tell you within 30 days whether or not we approve your proposed site. As described below, if you do not open your Nail Studio within 12 months from the date the Franchise Agreement becomes effective, we have the right to terminate the Franchise Agreement.

You may not open your Nail Studio until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) initial training is completed to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (5) you

notify us that all approvals and conditions set forth in the Franchise Agreement have been met; (6) you have received all required permits and licenses; and (7) you have ordered, received, and installed your equipment, supplies, inventory, and computer system. You must be prepared to begin operating your Nail Studio immediately after we state that your Nail Studio is ready for opening.

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Nail Studio will be 6 to 12 months. Some factors that may affect this timing are your ability to acquire a location for your Nail Studio through lease or purchase negotiations; your ability to secure any necessary financing; your ability to comply with local zoning and other ordinances; your ability to obtain any necessary permits and certifications; the timing of the delivery of equipment, tools, and inventory; and the time to convert, renovate, or build the facility. You must open your Nail Studio within 12 months from the date the Franchise Agreement becomes effective, unless, as explained in Item 5, we have agreed to an extension and you have paid the extension fee. Your failure to open your Nail Studio by the required deadline will constitute a default of your Franchise Agreement and allow us to terminate your Franchise Agreement.

Under an Area Development Agreement – Section 3.B of the Area Development Agreement

For each proposed site for a Nail Studio to be developed under the Area Development Agreement, you must also obtain approval of your site as outlined above. If you sign an Area Development Agreement, you must sign individual Franchise Agreements and begin operating a Nail Studio under each of those agreements within the time provided for in the Development Schedule.

Under the Franchise Agreement and Area Development Agreement, we will be deemed to have disapproved a proposed location unless we have expressly approved it in writing. Under the Franchise Agreement and Area Development Agreement, our approval (or failure to disapprove) of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Nail Studio or for any other purpose, or as to any expected level of sales, revenues or profits. Approval by us of the site indicates only that the site meets the minimum requirements for a FRENCHIES location.

We also may require you to materially refurbish the premises of your Nail Studio to conform to the System's then-current design, trade dress, color schemes and presentation of the Marks. Such refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and must be completed pursuant to such standards, specifications and deadlines as we may specify as are standard to the System at the time. We may not require you to do so more than once every five years, unless sooner required by your real estate lease. Franchise Agreement, Section 9.U.

Software and Computer Equipment – Section 9.E of the Franchise Agreement

Computer Hardware

You must purchase and use computer hardware and software that we periodically designate for the operation of your Nail Studio. Currently, you must purchase at least two computers to operate your business. At least one computer must be used in the front reception area, and at least one must be a laptop available in the staff break room or office. You also will need to purchase an iPad to check customers out. You must also purchase other hardware to operate your Nail Studio and take payments, including a printer, cash drawer, barcode scanner, phone system, and a security and sound system. We may provide you with detailed specifications and policies for these components, however, other than meeting our minimum requirements to ensure they are capable of integrating with our designated software, we do not currently specify the computers or types of hardware you purchase. The computers will not only assist you in operating your business, but the computer in your reception area will be integrated with our studio management software and our accounting system. You will also use your

computer to order your marketing materials and other supplies from us and our approved vendors. The cost of your computer will vary based on the brand and model you choose.

We do not have any obligation to upgrade or maintain the hardware you purchase or the software that comes with that computer and we cannot predict the costs of upgrades or maintenance. We do not offer any separate warranty.

The total cost to purchase the required Computer Hardware is approximately $2,200 to $4,800, which is subject to change, and dependent on the brands and model you choose. We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, communications systems into conformity with our then-current standards for new Nail Studios.

Computer Software

Much of the software that you will use for your computer is standard software, not including the studio management software discussed below, that you will order with your computer. You will need to obtain access to QuickBooks Online, which is currently $20 - $40 per month, depending on which version you choose, and which is subject to change. However, we do prescribe certain software you must use in your business including the studio management software from our mandatory vendor, which is covered by the Technology Fee that you pay to us.

We will arrange for you to obtain a license to use studio management software for use in your studio and other software programs specified in our Operating Manual. The cost for this software is included in the Technology Fee you pay to us. This software is a proprietary product that has been approved for our System and we have not approved any compatible equivalent software. We and the software vendor will provide the continuing monthly support you need to operate this studio management software. We also intend to provide software updates at no cost to you as part of the Technology Fee, but we are not obligated to do so, and whether we do so or not is likely to depend on the extent of any upgrades. We do not provide support for any other thirdparty software. You will also need to obtain the required software provided by our designated bookkeeping and reporting vendor, which integrates to our studio management software. There is currently no separate fee for this software, other than the standard fee you pay to this vendor for the provision of their services, and this vendor will provide the support you need to operate this software.

As part of the Technology Fee you pay to us, we or a designed vendor will also provide to you email hosting and support (including up to five *@frenchiesnails.com* email addresses, antivirus support, and auto-push emails to mobile phones). In addition, one of our vendors currently has established an online purchasing portal for certain marketing collateral and promotional items. There is no separate fee for this software, but you will need to access their portal and purchase required branded marketing materials that we require for use in your Nail Studio.

Ongoing Maintenance and Use

We have an approved vendor that will provide certain required computer hardware components, including a managed PCI compliant network, computers and other hardware, phone systems, internet access, cabling installation, and security, audio and video systems. The cost for its services ranges from $400 to $900 per month, depending on the package and level of support that you choose. You are not required to use its services or purchase any products from them.

We are not obligated to provide you with ongoing maintenance, repairs, upgrades, or updates to your computer system. We anticipate that you will be required to upgrade or update the computer system during the term of the franchise, and there are no contractual limitations on the frequency and cost of the obligation. Other than as described above, we do not have any contractual obligation to upgrade or update any of your hardware or software during the term of this franchise.

You must have sufficient computer skills to be able to operate your computer system and to access email and the internet. You must have access to the internet and maintain an email account that allows us to communicate with you on a regular basis. You will use your computer for appointment scheduling, customer management, point-of-sale transactions, employee management and education, e-commerce, inventory management, business and payroll reporting, marketing, and social media integration. Our software will also give you access to our online Franchisee Support Center, ongoing product development, and online education.

We have the right to independently access your electronic information and data through our proprietary data management and intranet system, and to collect and use your electronic information and data in any manner we choose to promote the development of the System and the sale of franchises. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems. We strongly recommend that your computer system be used for business purposes only, and not for entertainment, personal social networking site access, or other matters unrelated to your business.

ITEM 12
TERRITORY

When you sign a Franchise Agreement, you will receive the right to operate one Nail Studio. You will not receive any other options, rights of first refusal, or similar rights to acquire additional franchises. If the site for your Nail Studio has been identified before you sign the Franchise Agreement, then you must operate the Nail Studio at that site. If the site becomes unavailable to you for any reason, it is your obligation to select a new location, and to obtain our approval of that location before you acquire the site, and before you obtain any rights in the location. If a site has not been identified, we will designate an area, and you may locate your Nail Studio at any place within that area, so long as the site you select is not also within a territory of another Nail Studio. Until a site has been identified, you will not have any exclusive rights in the area identified in the Franchise Agreement.

Once we have approved the location for your Nail Studio, we will give you a protected territory. (If you sign an Area Development Agreement with us, we will also give you a development territory at the time you sign that agreement as outlined below.) The limitations on us in that territory are described below. You are permitted to provide off-premises services with our consent only within your protected territory and are prohibited from providing off-premises services outside of your protected territory unless we allow you to do so by providing you with written permission.

As a result of our reserved rights described below, 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.

Under an Area Development Agreement

If you sign an Area Development Agreement, we will describe the development territory in the Rider to that agreement. The territory will typically be described as a geographic area in which each of your Nail Studios

must be developed. The factors that we consider in determining these territories include density of population, growth trends of population, apparent degree of affluence of population, the density of residential and business entities, traffic generators, driving time, natural boundaries, location of other Nail Studios, the number of Nail Studios you wish to develop and our development plans. As long as you are in compliance with your obligations under the Area Development Agreement and all of the Franchise Agreements between you (and your affiliates) and us, we will not establish or operate, or license anyone other than you to establish or operate, a Nail Studio in these development territories, subject to our reserved rights below. Your rights in these territories will end at the earlier of: (i) the date your Area Development Agreement expires; and (ii) the date you must sign the Franchise Agreement for your last Nail Studio under the terms of the Development Schedule. If the protected territory covers more than one city, county, or designated market area, the protection for each particular city, county or designated market area will also expire on the date when we determine the protected territory to be given to you under a franchise agreement for your final Nail Studio to be developed in that city, county, or designated market area. When your rights in your development territory have expired under the Area Development Agreement, you will still have the rights granted to you in any portion of these territories under an individual franchise agreement.

Under a Franchise Agreement

When you sign a Franchise Agreement, we will give you a protected territory and describe it in a Rider to that agreement. We may attach a map to your Franchise Agreement that will identify the territory or we may simply describe an area surrounding your location. The map or description may not be a specific radius from your studio, because it will take into account traffic patterns and natural boundaries. However, the territory will range from approximately one-half mile from your studio (in densely populated metropolitan areas) to as much as three miles. You may locate your Nail Studio at any place within that territory, subject to our approval based on our site selection requirements, so long as the site you select is not also within the territory of another FRENCHIES studio. Protected territories may overlap, but we will not approve anyone opening a FRENCHIES studio, or relocating a FRENCHIES studio, into a protected territory given to another studio. (By way of example, one person may have a FRENCHIES studio in the center of City A, with a territory of two miles in all directions, while another person has a FRENCHIES studio in the center of City B, located three miles away from the site of the first franchisee's FRENCHIES studio, and also with a territory of two miles. While the territories overlap, each franchisee's studio is located outside the protected territory of the other franchisee, and it cannot be relocated within the other franchisee's protected territory.) We do not have the right to unilaterally change your territory, and there are no minimum quotas required; as long as your Franchise Agreement is in effect, you will retain the rights described in this paragraph.

The criteria we use for determining the boundaries of the territory in your Franchise Agreement include density of population, growth trends of population, apparent degree of affluence of population, the density of residential and business entities, traffic generators, driving time, and natural boundaries. During the term of your Franchise Agreement, we will not place or license to anyone else the right to place a FRENCHIES studio in your protected territory. Our reserved rights with respect to this protected territory are listed below.

Under the Franchise Agreement and Area Development Agreement

We may also have situations where we designate a "TBD" (to be determined) search area, protected territory or development territory. If you receive a TBD territory, you have the right to look for a site in any area that has not already been given as a protected territory, search area, or development territory to another FRENCHIES studio. However, if you find a proposed site in near proximity to another FRENCHIES studio, even though not in that studio's protected territory, we may offer the site to the existing franchisee before we agree to assign that area to you or grant you the right to develop your studio at that site.

If you do not name a protected territory or development territory, or if your protected territory or development territory is "to be determined" you will not have exclusive rights in a territory until you name a location that is approved by us and we assign your protected territory or development territory, as applicable. In this case, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Our Reserved Rights under the Franchise Agreement and Area Development Agreement

Under both the Franchise Agreement and Area Development Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

(1) We may own, acquire, establish, and/or operate and license others to establish and operate businesses, including FRENCHIES studios operating under the Marks and the System selling the products and services at any location outside your protected territory regardless of their proximity to, or potential impact on, your territory or Nail Studio(s).

(2) We may own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Marks, whether such businesses are similar or different from the Nail Studio, at any location within or outside the protected territory, notwithstanding their proximity to the territory or your location or their actual or threatened impact on sales of the Nail Studio.

(3) We may sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through wholesalers to third parties or through mail order, toll free numbers, the Internet or other electronic media, mobile or temporary locations, and other distribution channels, including those products bearing our Marks, provided that distribution within the protected territory shall not be from a FRENCHIES studio established under the System that is operated from within the territory. You may not use alternative distribution channels to make sales outside or inside your protected territory, and you will not receive any compensation for our sales through alternative distribution channels.

Additionally, during the term of your Area Development Agreement and Franchise Agreement, we may (i) acquire one or more retail businesses that are the same as, or similar to, FRENCHIES studios then operating under the System (each an "**Acquired Business**") which is part of a system of retail businesses that we acquire (an "**Acquired System**"). An Acquired Business may be at any location within or outside the protected territory, notwithstanding their proximity to the protected territory or your location or their actual or threatened impact on sales of your Nail Studio, and we may operate and/or license others to operate any Acquired Business under its existing name or as a FRENCHIES studio under the System at any location. You will have no right to purchase, and we will not be obligated to offer you any option to purchase, any Acquired Business that is operated by a licensee or franchisee under the Acquired System. We may license such unit to be operated under any trade name or trademarks, including the Marks, and may also license to the licensee or franchisee additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the protected territory or development territory.

You may sell products and services to retail customers and prospective retail customers who live anywhere but who choose to visit your Nail Studio. All of your advertising, including your website, must be approved by us. You may not engage in any promotional activities or sell products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including tollfree

numbers, directed to or received from customers or prospective customers located anywhere, without our approval. You may not place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located outside of your protected territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell the products to any business or other customer for resale purposes.

Although we have not done so, we and our affiliates may sell products and services under the Marks within and outside your protected territory through any method of distribution other than a FRENCHIES studio, including sales through such channels of distribution as wholesalers, distributors, mail-order, toll-free numbers, the Internet, catalog sales, telemarketing or other direct marketing sales (together, "**alternative distribution channels**"). You may not use alternative distribution channels to make sales outside or inside your protected territory and you will not receive any compensation for our sales through alternative distribution channels.

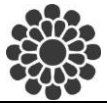
We have not yet established and do not presently intend to establish other franchises or company-owned or affiliate-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark, but we reserve the right to do so in the future, without first obtaining your consent.

You may not move or relocate your studio without our prior written consent, which consent will not be unreasonably withheld. A request for relocation must be made in writing, stating the new location, received by us at least 60 days before the date of intended relocation, and be accompanied by a relocation fee of $1,000 (the "**Relocation Fee**"). The new location must be within your territory, and it may not be located within any territory we grant to any other franchisee. We will refund the Relocation Fee to you if we do not approve your new location. In addition to the Relocation Fee, you will be responsible for any additional expenses we incur in facilitating your relocation.

ITEM 13
TRADEMARKS

The Franchise Agreement gives you the right to operate a Nail Studio under the trade names, trademarks, and service marks that we establish.

The following marks have been registered on the Principal Register of the United States Patent and Trademark Office ("**USPTO**"). These are the principal trademarks you will use in operating your Nail Studio:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
FRENCHIES	4,808,454	September 8, 2015	Principal
frenchies modern nail care	5,780,710	June 18, 2019	Principal
WE LOVE CLEAN	6,288,424	March 9, 2021	Principal
	6,582,582	December 7, 2021	Principal

Some of these Marks were originally registered, or applied for, by FRENCHIES REVOLUTION, LLC and later assigned to FRENCHIES, LLC on March 19, 2015.

Additionally, we have registered the following Mark on the Supplemental Register of the USPTO:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
POLISH PASS	6,176,984	October 13, 2020	Supplemental

If our right to use the trademarks are challenged, you may have to change to an alternative trademark, which may increase your expenses. Trademarks registered on the Supplemental Register do not have as many legal benefits and rights as those registered on the Principal Register.

With respect to all Marks, currently, we know of no: (a) effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; (b) pending infringement, opposition, or cancellation proceedings; or (c) pending material litigation involving any of our Marks that is relevant to the use of the Marks. No currently effective litigation affects our use or ownership rights in any Mark. We have filed or intend to file all required affidavits and renewals for the Marks. No currently effective agreement limits our right to use or license the use of our Marks.

You must follow our rules when you use our Marks. You may not use any of the Marks alone or with modifying words, designs, or symbols as part of a corporate or business name or in any form on the internet, including but not limited to URLs, domain names, e-mail addresses, locators, links, metatags or search techniques. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that you are an independent operator. You may not use our Marks with an unauthorized product or service, or in a manner not authorized in writing by us.

We will protect and maintain all rights to use our Marks against encroachment, misuse, or unauthorized use and against all challenges to any rights of its use as we deem appropriate. You must notify us immediately when you learn about an infringement of (or challenge to) your use of our Marks. We may take the action necessary, in our sole discretion, to prevent the unauthorized use of our Marks, including bringing actions against third parties regarding the use of any of our Marks, but the Franchise Agreement does not require us to take any specific affirmative action. We will control any administrative proceedings or litigation involving our Marks. You must cooperate with us and take all actions as may be desirable in the opinion of our counsel to carry out the defense or prosecution. While we are not required to defend you against a claim based on your use of our Marks, we will either do so, or we will reimburse you for your liability as long as you properly use our Marks, including against claims of infringement or unfair competition arising out of your use of the Marks.

We may change our Marks and require you to adopt new Marks as if they were part of the Franchise Agreement at the time of its execution. You must comply with these changes immediately after we notify you that we have discontinued, modified, or changed one or more of our Marks. We will have no liability or obligation because of the discontinuation, modification, or change. You must not directly or indirectly contest the validity of our ownership of the Marks or our right to use or license our Marks, trade secrets, confidential information, or business techniques that are part of our business. You must use the designations of ®, ™, and SM in advertising and promotions using our Marks.

We are not aware of any other infringing uses that could materially affect your use of our Marks.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the purchase of a franchise. We do claim copyright protection for our manuals, and to advertising and promotional materials, forms, and related materials that we produce, but we have not registered these materials with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are our property. You may use them only as long as you are a franchisee, and only as provided in your Franchise Agreement. We may change these materials or require you to discontinue using these materials. You must comply with these changes immediately after we notify you that we have discontinued or modified these materials. We will have no liability or obligation because of the discontinuation or modification, and you have no rights under your Franchise Agreement for any compensation as a result of any discontinuation or modification of these materials.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our copyrighted materials. There are no proceedings pending, nor any currently effective agreements between us and third parties about our copyrighted materials that will or may significantly limit your use of our copyrighted materials. We are not aware of any infringing uses of these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets. This will be included in our manuals, and in materials we may provide to you separately. You may use these materials in the operation of your Nail Studio, in the manner we approve, during the term of your Franchise Agreement. But you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. These materials include any trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation. You may disclose this information to your Principal Operator, but only to the extent necessary to operate the studio, and then only while your Franchise Agreement is in effect.

Any and all copyrights, rights, title, and interest in advertising and promotional materials that you develop or prepare (or that are prepared by someone on your behalf) or that bear any Marks will belong to us. You must sign any documents we reasonably deem necessary to evidence our right, title, and interest in and to any advertising and promotional materials. We will have the right to use these materials and to provide them to other franchisees of the System, without compensation to you, regardless of how the materials were developed. Additionally, we may from time to time require that you sign a license agreement for the use of proprietary materials that we provide to you in an electronic format.

You must disclose to us all ideas, concepts, methods, techniques and products conceived of or developed by you, your affiliates, owners, or employees during the term of the Franchise Agreement relating to the development and/or operation of your Nail Studio. Under the Franchise Agreement you grant to us a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, and techniques in all Nail Studios in the System.

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

We require that you either personally supervise your Nail Studio or designate a person to act as the "**Principal Operator**," in which case we will require you to devote at least 15 hours a week to your Nail Studio; although we reserve the right to waive this requirement in our sole discretion. Your Principal Operator is not required to hold an equity interest in your business. We require that your initial Nail Studio be located within a one hour

drive of your primary residence; although we reserve the right to waive this requirement in our sole discretion. You and the Principal Operator must complete our initial training requirements and all other training we reasonably designate. We also require that you or another Principal Owner of your business (someone that owns more than 10% of your business) attend our Annual Conference each year, even if that person is not personally supervising your Nail Studio.

If you are a legal or business entity, each individual who has any ownership interest in your business, directly or indirectly, must sign the Guaranty and Assumption of Franchisee's Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement. We also require you to obtain a Confidentiality and Non-Competition Agreement from any Principal Operator and/or Studio Manager (and all other persons performing similar functions, regardless of their title), in a form we approve. While we will provide a sample form of this agreement to you, it is your obligation to make any modifications required to that form to comply with the law in the state in which your Nail Studio is located.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must refrain from using or permitting the use of your Nail Studio for any other purpose or activity at any time without first obtaining our written consent. You must sell or offer for sale only those services and products that we approve and that meet our standards and specifications. You must follow our policies, procedures, methods, and techniques and comply with all of our mandatory standards and specifications. We have the right to change the services and products that we require you to offer at any time, without limitation. We reserve the right to establish maximum and minimum resale prices for use with multi-area marketing programs and special price promotions.

We do not limit the persons to whom you may offer your products and services.

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 Franchise Disclosure Document.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENTS	SUMMARY
a. Length of the franchise term	Section 2.A – Franchise Agreement Sections 3.A and 4 and Rider – Area Development Agreement	The initial term is ten (10) years. The term in an Area Development Agreement depends on the number of franchises to be developed under the Area Development Agreement. It will typically be between one (1) and five (5) years.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENTS	SUMMARY
b. Renewal or extension of the term	Section 2.B – Franchise Agreement Area Development Agreement – Not Applicable	If you are in good standing and you meet our conditions, you can renew your franchise for an additional ten (10) year period. You cannot renew the Area Development Agreement.
c. Requirements for you to renew or extend	Section 2.B – Franchise Agreement Area Development Agreement – Not Applicable	Give written notice; show you are in compliance with all agreements with no series of defaults; update (or move) your location to comply with then-current standards; pay renewal fee; sign new franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement); show that you have the right to remain in possession of the location for the renewal term; sign general release; your staff completes any required refreshing training. You do not have the right to renew or extend the Area Development Agreement. (Subject to applicable state law).
d. Termination by you	Franchise Agreement – Not Applicable Area Development Agreement – Not Applicable	None.
e. Termination by us without cause	Franchise Agreement – Not Applicable Area Development Agreement – Not Applicable	None.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENTS	SUMMARY
f. Termination by us with cause	Sections 1.A and 14 – Franchise Agreement Section 5 – Area Development Agreement	If you do not open in twelve (12) months (without an extension) or are in default under the Franchise Agreement or any other agreement you have with us. If you are in default under the Area Development Agreement, or you or any of your affiliates are in default under any Franchise Agreement or other agreement you have with us. The Franchise Agreement and the Area Development Agreement contain cross-default provisions.
g. "Cause" defined – curable defaults	Section 14.C – Franchise Agreement Section 5 – Area Development Agreement	Most defaults are curable and you will have thirty (30) days to cure.
h. "Cause" defined – non-curable defaults	Section 14.A and 14.B – Franchise Agreement Section 5 – Area Development Agreement	You are file for bankruptcy, are liquidated or dissolved; fail to construct studio according to plans; fail to operate the business for seven (7) consecutive days, abandon the business, lose the right to do business, or lose the right of possession of the premises where the studio is located; unapproved transfers; you or any of your owners engage in fraudulent conduct or are convicted of, or plead guilty or no contest to, certain crimes; three (3) notices of material breaches within twelve (12) months; you maintain false books or records or submit any false or misleading application, statement or report to us; you misuse our Marks or materially impair the value of, or the goodwill associated with, our Marks or the System; and other stated non-curable defaults. Similar reasons as for Franchise Agreement, you fail to meet your development obligations in the Development Schedule, or we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENTS	SUMMARY
i. Your obligations on termination/non-renewal	Sections 9.W, 15 and 16.B – Franchise Agreement Section 6 – Area Development Agreement	Stop operating the studio; stop using our names and Marks; stop using and return information to us; assign to us or cancel certain registrations, listings, telephone numbers, websites, and domain names; vacate the Nail Studio premises if we exercise our rights under the Collateral Assignment of Lease; de-identify the Nail Studio premises to distinguish it from the System; and pay all amounts you owe us plus liquidated damages (subject to state law). You must refrain from disparaging us and the System. You lose all remaining rights to develop Nail Studios.
j. Assignment of contract by us	Section 13.A – Franchise Agreement Section 7.A – Area Development Agreement	There are no restrictions on our right to assign.
k. "Transfer" by you – defined	Section 13.B – Franchise Agreement Section 7.B – Area Development Agreement	Includes transfer of contract or business, or transfer of majority control of the Franchise Agreement or of the business. You do not have the right to assign this Agreement.
l. Our approval of transfer by franchisee	Section 13.B – Franchise Agreement Section 7.B – Area Development Agreement	We have the right to approve all transfers but will not withhold our consent if all of the requirements for the transfer are met. We have the right to approve, but you may not transfer only a portion of your rights.
m. Conditions for our approval of transfer	Section 13.B – Franchise Agreement Section 7.B – Area Development Agreement	Transferee must meet our requirements and sign a new franchise agreement on our then-current form for the remaining term of your agreement. (The new agreement may provide for different fees or territory than in your agreement, but we will not require the transferee to pay us a new initial franchise fee.) You must also pay a transfer fee and sign a release You must sign franchise agreements for all remaining studios you are permitted to develop, and you must transfer those agreements to the same person or entity to whom you are transferring the Area Development Agreement. Subject to applicable state law.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENTS	SUMMARY
n. Our right of first refusal to acquire your business	Section 18 – Franchise Agreement	We have the right to match any offer for your business.
o. Our option to purchase your business	Not Applicable	Not Applicable.
p. Your death or disability	Section 13.B – Franchise Agreement Section 7.B – Area Development Agreement	Your heirs can assume your rights, but if they do, they must meet the transfer requirements.
q. Non-competition covenants during the term of the franchise	Sections 9.W and 16.A – Franchise Agreement Section 8 – Area Development Agreement	No involvement in any studio that offers nail care services (including as creditor or landlord), wherever located; you must refrain from disparaging us and the System.
r. Non-competition covenants after the franchise is terminated or expires	Sections 9.W and 16.B – Franchise Agreement Section 8 – Area Development Agreement	No involvement in any studio that offers nail care services (including as creditor or landlord) for 2 years in your protected territory or within a 10-mile radius of any FRENCHIES studio. You must refrain from disparaging us and the System.
s. Modification of the agreement	Sections 8.H and 19.K – Franchise Agreement Section 8 – Area Development Agreement	No modifications without consent by all parties, but our manuals are subject to change. No modifications without consent of all parties.
t. Integration/merger clause	Sections 19.E and 19.K – Franchise Agreement Section 8 – Area Development Agreement	Only the terms of the Franchise Agreement, Area Development Agreement, and other written agreements are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement/Area Development Agreement may not be enforceable.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENTS	SUMMARY
u. Dispute resolution by arbitration or mediation	Section 17 – Franchise Agreement Section 8 – Area Development Agreement	Except for certain disputes, all disputes must be mediated, and if not settled by mediation, are then subject to arbitration, subject to applicable state law.
v. Choice of forum	Section 17.B, 17.C and 17.E – Franchise Agreement Section 8 – Area Development Agreement	Mediation located in the city and state of our then-current principal office. Arbitration in Denver, Colorado. Any litigation must be brought in the United States District Court for the District of Colorado or the Denver District Court, Colorado, except as provided in state-specific addendum. Subject to applicable state law.
w. Choice of law	Section 19.D – Franchise Agreement Section 8 – Area Development Agreement	Subject to applicable state law, Colorado law generally applies.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATION

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

We provide prospective franchisees with certain information regarding actual historical monthly gross revenues related to the operation of franchised Frenchies Nail Studios in the 12 months in calendar year 2022. We also provide an actual profit and loss statement for our corporate-owned Frenchies Nail Studio in calendar year 2022.

Information related to the actual historical monthly gross revenues from the operation Frenchies franchised Nail Studios is presented for the 20 franchised Nail Studios that were open and operating as of December 31, 2022, all of which operated for all of calendar year 2022. Excluded from this information are two Frenchies Nail Studios that permanently ceased operations during calendar year 2022. No other locations were excluded in the data presented. The Frenchies Nail Studios reported offer substantially the same products and services as you will as a franchisee operating a Frenchies Nail Studio.

Gross Revenues includes all revenue generated by the Nail Studios. This is the same definition we use for calculation of Royalty Fees and in other items of this Disclosure Document.

ACTUAL HISTORIC MONTHLY GROSS REVENUES OF FRANCHISED NAIL STUDIOS IN CALENDAR YEAR 2022

The following statement of actual historic monthly gross revenues includes information on all franchised Frenchies Nail Studios that were open and operating for 12 months of more as of December 31, 2022, and which operated for all of calendar year 2022.

The charts below depict actual gross revenues received by month by each applicable franchised Frenchies Nail Studio during calendar year 2022. We have also broken down the data to depict the source of that revenue received on a monthly basis, whether it be gross revenue received from (1) services provided; (2) product sold; (3) membership sales; or (4) gift card sales. Each Frenchies Nail Studio is listed by the year in which it opened, with the two Nail Studios opened in 2016 reflecting their 6th full year of operations; the three Nail Studios opened in 2018 reflecting their 4th full year of operations; the eight Nail Studios opened in 2019 reflecting their 3rd full year of operations; the six Nail Studios opened in 2020 reflecting their 2nd full year of operations; and the one Nail Studio that opened in 2021 reflecting its 1st full year of operations.

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2016 OPENINGS

Studio 2016-1					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 22,808.99	$ 12,085.85	$ 1,225.14	$ 8,478.00	$ 1,020.00
February 2022	$ 26,951.07	$ 15,224.23	$ 1,100.84	$ 8,476.00	$ 2,150.00
March 2022	$ 29,345.14	$ 18,850.22	$ 1,244.92	$ 8,250.00	$ 1,000.00
April 2022	$ 34,618.40	$ 22,866.30	$ 2,481.10	$ 8,048.00	$ 1,223.00
May 2022	$ 39,204.58	$ 25,412.58	$ 2,129.41	$ 8,251.00	$ 3,411.59
June 2022	$ 34,772.98	$ 23,202.67	$ 1,533.31	$ 8,696.00	$ 1,341.00
July 2022	$ 35,246.16	$ 24,235.88	$ 1,398.28	$ 8,997.00	$ 615.00
August 2022	$ 41,174.56	$ 29,760.06	$ 1,830.50	$ 8,999.00	$ 585.00
September 2022	$ 43,000.11	$ 30,034.20	$ 2,307.91	$ 9,323.00	$ 1,335.00
October 2022	$ 38,190.95	$ 25,683.94	$ 1,825.01	$ 9,701.00	$ 981.00
November 2022	$ 55,560.51	$ 25,972.93	$ 1,605.58	$ 9,977.00	$ 18,005.00
December 2022	$ 46,890.41	$ 22,223.77	$ 6,983.30	$ 9,580.00	$ 8,103.33

Studio 2016-2					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 17,754.61	$ 10,646.76	$ 803.86	$ 5,694.00	$ 610.00
February 2022	$ 27,157.85	$ 19,376.81	$ 1,173.05	$ 5,418.00	$ 1,190.00
March 2022	$ 37,696.98	$ 29,747.70	$ 870.28	$ 5,794.00	$ 1,285.00
April 2022	$ 39,442.80	$ 30,012.58	$ 1,236.22	$ 6,124.00	$ 2,070.00
May 2022	$ 45,093.61	$ 32,696.72	$ 1,266.89	$ 6,426.00	$ 4,704.00
June 2022	$ 40,297.11	$ 31,371.46	$ 710.66	$ 6,710.00	$ 1,505.00
July 2022	$ 38,476.49	$ 29,428.68	$ 785.81	$ 6,802.00	$ 1,460.00
August 2022	$ 37,663.01	$ 28,538.90	$ 857.11	$ 7,304.00	$ 963.00
September 2022	$ 35,337.48	$ 25,529.16	$ 1,296.33	$ 7,682.00	$ 830.00
October 2022	$ 30,732.41	$ 20,357.21	$ 1,405.20	$ 7,960.00	$ 1,010.00
November 2022	$ 35,714.48	$ 19,451.00	$ 1,524.48	$ 7,884.00	$ 6,855.00
December 2022	$ 38,658.90	$ 19,384.93	$ 3,361.97	$ 8,110.00	$ 7,802.00

2018 OPENINGS

Studio 2018-1					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 36,481.32	$ 26,257.92	$ 1,851.41	$ 6,540.00	$ 1,832.00
February 2022	$ 38,657.19	$ 27,639.99	$ 2,105.20	$ 6,664.00	$ 2,248.00
March 2022	$ 46,816.19	$ 35,112.47	$ 3,079.72	$ 6,614.00	$ 2,010.00
April 2022	$ 49,628.58	$ 36,313.92	$ 3,949.69	$ 6,614.00	$ 2,750.97
May 2022	$ 50,754.27	$ 35,435.91	$ 2,213.35	$ 6,590.00	$ 6,515.00
June 2022	$ 49,756.56	$ 39,573.77	$ 2,459.79	$ 6,414.00	$ 1,309.00
July 2022	$ 49,597.54	$ 40,064.98	$ 1,650.15	$ 6,566.00	$ 1,316.41
August 2022	$ 41,607.74	$ 31,584.24	$ 1,271.50	$ 6,262.00	$ 2,490.00
September 2022	$ 34,558.87	$ 25,284.13	$ 1,553.74	$ 6,136.00	$ 1,585.00
October 2022	$ 37,381.12	$ 28,167.25	$ 1,896.87	$ 6,162.00	$ 1,155.00
November 2022	$ 42,072.23	$ 31,226.97	$ 3,232.25	$ 6,238.00	$ 1,375.00
December 2022	$ 55,038.39	$ 33,813.04	$ 3,233.74	$ 6,136.00	$ 11,855.61

Studio 2018-2					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 22,421.64	$ 13,369.38	$ 981.26	$ 7,199.00	$ 872.00
February 2022	$ 27,274.87	$ 17,223.95	$ 1,479.92	$ 7,401.00	$ 1,170.00
March 2022	$ 31,492.95	$ 21,859.47	$ 1,265.48	$ 7,705.00	$ 663.00
April 2022	$ 33,864.11	$ 23,298.80	$ 1,643.31	$ 7,857.00	$ 1,065.00
May 2022	$ 32,636.67	$ 20,742.50	$ 1,223.17	$ 7,981.00	$ 2,690.00
June 2022	$ 32,321.60	$ 22,757.68	$ 1,308.92	$ 7,855.00	$ 400.00
July 2022	$ 28,943.88	$ 19,982.25	$ 1,159.63	$ 7,379.00	$ 423.00
August 2022	$ 28,558.32	$ 19,931.14	$ 729.18	$ 7,153.00	$ 745.00
September 2022	$ 18,976.49	$ 11,088.75	$ 480.74	$ 6,927.00	$ 480.00
October 2022	$ 20,926.45	$ 13,436.25	$ 537.20	$ 6,373.00	$ 580.00
November 2022	$ 23,626.26	$ 14,128.95	$ 1,331.31	$ 6,071.00	$ 2,095.00
December 2022	$ 29,192.62	$ 17,804.12	$ 1,368.50	$ 5,995.00	$ 4,025.00

Studio 2018-3					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 37,764.23	$ 22,642.88	$ 976.35	$ 12,690.00	$ 1,455.00
February 2022	$ 37,538.31	$ 21,891.77	$ 862.54	$ 13,136.00	$ 1,648.00
March 2022	$ 45,277.46	$ 30,924.90	$ 1,181.55	$ 12,106.00	$ 1,065.00
April 2022	$ 45,257.10	$ 30,712.20	$ 969.90	$ 11,756.00	$ 1,819.00
May 2022	$ 50,134.52	$ 29,387.90	$ 1,408.62	$ 12,158.00	$ 7,180.00
June 2022	$ 43,266.24	$ 28,604.96	$ 1,276.28	$ 12,410.00	$ 975.00
July 2022	$ 48,674.88	$ 32,978.10	$ 1,245.78	$ 13,086.00	$ 1,365.00
August 2022	$ 52,328.09	$ 36,503.32	$ 1,043.77	$ 13,536.00	$ 1,245.00
September 2022	$ 46,375.94	$ 30,897.77	$ 930.17	$ 13,438.00	$ 1,110.00
October 2022	$ 44,862.25	$ 28,437.99	$ 1,271.27	$ 14,188.00	$ 965.00
November 2022	$ 44,149.90	$ 25,012.98	$ 1,227.92	$ 14,662.00	$ 3,247.00
December 2022	$ 49,202.72	$ 24,497.30	$ 1,207.42	$ 14,010.00	$ 9,488.00

2019 OPENINGS

Studio 2019-1					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 27,965.18	$ 14,763.75	$ 1,424.43	$ 10,982.00	$ 795.00
February 2022	$ 36,609.22	$ 20,992.74	$ 1,372.87	$ 11,832.00	$ 2,411.60
March 2022	$ 38,516.49	$ 23,070.01	$ 1,426.47	$ 13,192.00	$ 828.00
April 2022	$ 40,299.62	$ 20,869.96	$ 2,572.96	$ 13,395.75	$ 3,460.95
May 2022	$ 39,130.41	$ 22,304.79	$ 1,582.32	$ 12,516.00	$ 2,727.30
June 2022	$ 34,111.29	$ 20,019.43	$ 1,295.86	$ 11,836.00	$ 960.00
July 2022	$ 44,667.47	$ 30,275.20	$ 1,852.27	$ 11,760.00	$ 780.00
August 2022	$ 43,487.63	$ 30,037.05	$ 1,481.58	$ 11,208.00	$ 761.00
September 2022	$ 51,991.43	$ 36,796.85	$ 2,125.58	$ 12,164.00	$ 905.00
October 2022	$ 52,041.21	$ 36,360.72	$ 2,340.49	$ 12,640.00	$ 700.00
November 2022	$ 62,075.28	$ 33,228.40	$ 2,357.88	$ 13,414.00	$ 13,075.00
December 2022	$ 58,151.61	$ 35,296.53	$ 3,258.77	$ 13,568.00	$ 6,028.31

Studio 2019-2					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 37,516.82	$ 19,287.82	$ 1,965.00	$ 15,874.00	$ 390.00
February 2022	$ 37,680.79	$ 19,203.03	$ 2,639.76	$ 15,348.00	$ 490.00
March 2022	$ 41,696.53	$ 21,512.92	$ 3,817.61	$ 15,496.00	$ 870.00
April 2022	$ 45,931.82	$ 26,455.40	$ 2,502.42	$ 16,274.00	$ 700.00
May 2022	$ 53,167.79	$ 30,203.36	$ 3,027.43	$ 17,632.00	$ 2,305.00
June 2022	$ 48,993.12	$ 27,535.94	$ 3,531.18	$ 17,356.00	$ 570.00
July 2022	$ 49,575.99	$ 28,162.56	$ 3,678.42	$ 17,330.00	$ 405.00
August 2022	$ 50,438.80	$ 28,764.50	$ 2,715.30	$ 18,284.00	$ 675.00
September 2022	$ 48,480.07	$ 26,927.45	$ 3,332.62	$ 17,710.00	$ 510.00
October 2022	$ 42,031.47	$ 21,436.63	$ 2,106.84	$ 18,012.00	$ 476.00
November 2022	$ 44,627.66	$ 23,375.14	$ 2,487.52	$ 18,010.00	$ 755.00
December 2022	$ 56,082.51	$ 28,686.90	$ 5,012.61	$ 17,504.00	$ 4,879.00

Studio 2019-3					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 18,672.24	$ 11,579.58	$ 1,188.67	$ 5,664.00	$ 240.00
February 2022	$ 18,174.53	$ 10,992.20	$ 806.33	$ 5,816.00	$ 560.00
March 2022	$ 22,593.98	$ 15,461.68	$ 1,085.29	$ 5,692.00	$ 355.00
April 2022	$ 23,179.10	$ 14,687.80	$ 1,138.30	$ 6,018.00	$ 1,335.00
May 2022	$ 22,815.18	$ 14,347.35	$ 856.33	$ 6,142.00	$ 1,469.50
June 2022	$ 24,913.84	$ 17,559.25	$ 1,055.59	$ 6,144.00	$ 1,455.00
July 2022	$ 28,438.72	$ 20,271.48	$ 1,348.24	$ 6,444.00	$ 375.00
August 2022	$ 31,717.03	$ 22,960.40	$ 1,375.63	$ 6,546.00	$ 835.00
September 2022	$ 28,060.77	$ 19,885.44	$ 960.33	$ 6,620.00	$ 595.00
October 2022	$ 24,376.00	$ 16,575.35	$ 975.65	$ 6,470.00	$ 355.00
November 2022	$ 23,171.49	$ 13,123.59	$ 1,291.19	$ 6,696.00	$ 2,060.71
December 2022	$ 30,073.70	$ 17,287.84	$ 2,230.85	$ 6,520.00	$ 4,035.00

Studio 2019-4					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 26,891.74	$ 13,598.96	$ 990.78	$ 11,484.00	$ 818.00
February 2022	$ 29,559.69	$ 15,525.53	$ 665.16	$ 12,084.00	$ 1,285.00
March 2022	$ 30,786.47	$ 17,140.84	$ 563.63	$ 12,204.00	$ 878.00
April 2022	$ 38,453.55	$ 20,832.31	$ 1,571.24	$ 14,654.00	$ 1,396.00
May 2022	$ 45,121.36	$ 25,792.60	$ 1,058.76	$ 14,957.00	$ 3,313.00
June 2022	$ 47,082.27	$ 29,605.88	$ 670.39	$ 15,158.00	$ 1,648.00
July 2022	$ 52,048.71	$ 34,968.48	$ 1,035.23	$ 15,260.00	$ 785.00
August 2022	$ 50,676.56	$ 34,079.16	$ 744.40	$ 14,582.00	$ 1,271.00
September 2022	$ 44,020.08	$ 28,549.00	$ 942.09	$ 13,976.00	$ 553.00
October 2022	$ 43,441.03	$ 27,608.55	$ 921.48	$ 14,376.00	$ 535.00
November 2022	$ 45,899.23	$ 24,318.74	$ 1,015.49	$ 13,394.00	$ 7,171.00
December 2022	$ 49,350.82	$ 26,654.82	$ 1,750.00	$ 13,794.00	$ 7,152.00

Studio 2019-5					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 52,119.67	$ 35,394.05	$ 3,319.62	$ 12,700.00	$ 706.00
February 2022	$ 51,420.65	$ 34,728.07	$ 2,812.58	$ 12,422.00	$ 1,458.00
March 2022	$ 63,408.14	$ 45,489.35	$ 4,765.78	$ 12,728.00	$ 425.00
April 2022	$ 69,224.86	$ 50,796.59	$ 3,685.67	$ 12,850.00	$ 1,892.60
May 2022	$ 82,843.72	$ 60,094.00	$ 4,133.63	$ 13,858.00	$ 4,758.09
June 2022	$ 77,635.81	$ 58,952.06	$ 3,299.74	$ 14,058.00	$ 1,326.00
July 2022	$ 73,425.65	$ 55,362.74	$ 3,164.91	$ 13,778.00	$ 1,120.00
August 2022	$ 74,454.37	$ 55,383.29	$ 2,716.09	$ 14,410.00	$ 1,945.00
September 2022	$ 71,541.16	$ 52,084.49	$ 2,835.67	$ 14,488.00	$ 2,133.00
October 2022	$ 76,125.70	$ 56,789.93	$ 3,490.27	$ 14,818.00	$ 1,027.50
November 2022	$ 79,027.49	$ 52,529.66	$ 5,430.82	$ 15,702.00	$ 5,365.00
December 2022	$ 91,480.12	$ 58,886.24	$ 6,524.88	$ 15,728.00	$ 10,341.00

Studio 2019-6					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 50,956.81	$ 40,086.35	$ 718.46	$ 9,690.00	$ 462.00
February 2022	$ 51,152.88	$ 39,977.10	$ 557.78	$ 9,740.00	$ 878.00
March 2022	$ 61,671.56	$ 50,005.20	$ 838.36	$ 9,518.00	$ 1,310.00
April 2022	$ 65,985.69	$ 54,360.56	$ 1,631.13	$ 9,264.00	$ 730.00
May 2022	$ 71,093.71	$ 59,474.44	$ 1,233.03	$ 8,996.24	$ 1,390.00
June 2022	$ 64,781.61	$ 54,718.09	$ 770.52	$ 8,486.00	$ 807.00
July 2022	$ 53,701.16	$ 44,435.92	$ 906.24	$ 7,708.00	$ 651.00
August 2022	$ 51,111.65	$ 42,581.85	$ 518.80	$ 7,054.00	$ 957.00
September 2022	$ 51,048.39	$ 42,669.04	$ 387.36	$ 6,752.00	$ 1,240.00
October 2022	$ 61,453.40	$ 52,802.60	$ 883.80	$ 6,852.00	$ 915.00
November 2022	$ 56,437.86	$ 47,399.22	$ 512.64	$ 6,826.00	$ 1,700.00
December 2022	$ 65,368.06	$ 54,389.06	$ 1,486.00	$ 5,672.00	$ 3,821.00

Studio 2019-7					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 29,780.00	$ 17,842.24	$ 1,052.76	$ 10,510.00	$ 375.00
February 2022	$ 30,635.90	$ 18,322.19	$ 988.71	$ 10,660.00	$ 665.00
March 2022	$ 32,893.75	$ 20,409.71	$ 1,330.04	$ 10,484.00	$ 670.00
April 2022	$ 36,638.86	$ 23,606.05	$ 1,349.81	$ 10,838.00	$ 845.00
May 2022	$ 39,829.59	$ 26,186.88	$ 1,242.70	$ 10,560.00	$ 1,840.00
June 2022	$ 41,653.27	$ 29,578.47	$ 868.80	$ 10,486.00	$ 720.00
July 2022	$ 45,203.32	$ 33,575.02	$ 929.30	$ 10,106.00	$ 593.00
August 2022	$ 47,132.84	$ 34,934.87	$ 1,142.98	$ 10,182.00	$ 873.00
September 2022	$ 47,106.88	$ 34,874.79	$ 1,858.09	$ 9,856.00	$ 518.00
October 2022	$ 42,708.53	$ 30,431.50	$ 1,360.03	$ 10,362.00	$ 555.00
November 2022	$ 39,386.42	$ 26,151.45	$ 1,796.97	$ 10,538.00	$ 900.00
December 2022	$ 50,168.33	$ 33,097.36	$ 2,269.97	$ 10,386.00	$ 4,415.00

Studio 2019-8					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 29,693.04	$ 17,392.79	$ 913.24	$ 10,642.00	$ 745.00
February 2022	$ 28,521.05	$ 15,309.39	$ 739.52	$ 11,122.00	$ 1,350.14
March 2022	$ 36,430.73	$ 23,033.29	$ 1,051.69	$ 11,246.00	$ 1,099.75
April 2022	$ 44,574.76	$ 31,245.01	$ 991.00	$ 10,970.00	$ 1,368.75
May 2022	$ 47,787.45	$ 31,425.82	$ 1,025.44	$ 11,144.00	$ 4,192.19
June 2022	$ 50,214.19	$ 36,911.25	$ 1,170.22	$ 11,094.00	$ 1,038.72
July 2022	$ 49,773.24	$ 37,029.97	$ 970.72	$ 10,532.80	$ 1,239.75
August 2022	$ 41,985.68	$ 30,503.32	$ 906.36	$ 10,016.00	$ 560.00
September 2022	$ 42,029.75	$ 30,059.04	$ 762.27	$ 10,598.00	$ 610.44
October 2022	$ 39,447.68	$ 27,063.62	$ 559.25	$ 10,792.22	$ 1,032.59
November 2022	$ 36,445.99	$ 21,021.42	$ 688.82	$ 9,838.00	$ 4,897.75
December 2022	$ 34,390.06	$ 18,496.72	$ 925.95	$ 9,084.00	$ 5,883.39

2020 OPENINGS

Studio 2020-1					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 16,137.02	$ 12,967.89	$ 504.14	$ 2,530.00	$ 135.00
February 2022	$ 22,016.53	$ 18,446.46	$ 304.06	$ 2,504.00	$ 762.00
March 2022	$ 25,443.70	$ 21,206.10	$ 360.60	$ 2,954.00	$ 923.00
April 2022	$ 24,577.20	$ 21,326.54	$ 322.66	$ 2,728.00	$ 200.00
May 2022	$ 26,922.88	$ 22,434.82	$ 565.06	$ 2,878.00	$ 1,045.00
June 2022	$ 31,527.75	$ 27,352.10	$ 376.65	$ 2,754.00	$ 1,045.00
July 2022	$ 32,329.92	$ 28,464.54	$ 441.38	$ 2,704.00	$ 720.00
August 2022	$ 26,950.80	$ 23,132.80	$ 339.00	$ 2,504.00	$ 975.00
September 2022	$ 23,838.65	$ 20,782.90	$ 241.75	$ 2,454.00	$ 360.00
October 2022	$ 26,271.57	$ 23,178.60	$ 337.97	$ 2,430.00	$ 325.00
November 2022	$ 23,121.90	$ 19,663.10	$ 326.80	$ 2,782.00	$ 350.00
December 2022	$ 27,682.68	$ 21,771.40	$ 829.28	$ 2,582.00	$ 2,500.00

Studio 2020-2					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 43,606.71	$ 32,580.50	$ 1,724.20	$ 8,962.00	$ 340.00
February 2022	$ 37,686.75	$ 25,271.17	$ 1,347.58	$ 9,638.00	$ 1,430.00
March 2022	$ 40,924.30	$ 29,045.67	$ 854.63	$ 9,416.00	$ 1,608.00
April 2022	$ 47,404.44	$ 33,697.22	$ 1,695.23	$ 9,592.00	$ 2,420.00
May 2022	$ 60,282.05	$ 44,793.17	$ 1,224.88	$ 9,916.00	$ 4,348.00
June 2022	$ 65,195.73	$ 52,832.52	$ 1,369.20	$ 9,612.00	$ 1,382.00
July 2022	$ 60,639.22	$ 47,934.58	$ 1,954.14	$ 9,288.00	$ 1,462.50
August 2022	$ 65,208.90	$ 52,101.15	$ 2,160.25	$ 9,318.00	$ 1,629.50
September 2022	$ 65,678.55	$ 53,283.70	$ 1,611.85	$ 9,570.00	$ 1,213.00
October 2022	$ 59,978.01	$ 47,780.85	$ 1,774.16	$ 9,368.00	$ 1,055.00
November 2022	$ 54,225.10	$ 41,551.77	$ 1,096.83	$ 9,848.00	$ 1,728.50
December 2022	$ 72,454.92	$ 51,214.71	$ 2,678.71	$ 10,376.00	$ 8,185.50

Studio 2020-3					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 17,553.34	$ 9,415.82	$ 308.52	$ 7,454.00	$ 375.00
February 2022	$ 21,096.70	$ 10,882.88	$ 402.31	$ 8,304.00	$ 1,507.50
March 2022	$ 22,476.53	$ 13,804.25	$ 593.28	$ 7,604.00	$ 475.00
April 2022	$ 22,733.49	$ 13,512.95	$ 582.54	$ 7,148.00	$ 1,490.00
May 2022	$ 23,524.65	$ 12,344.33	$ 548.32	$ 6,772.00	$ 3,860.00
June 2022	$ 27,305.61	$ 19,618.50	$ 435.12	$ 6,620.00	$ 632.00
July 2022	$ 24,075.01	$ 16,766.57	$ 322.94	$ 6,570.00	$ 415.50
August 2022	$ 17,878.46	$ 11,427.64	$ 173.82	$ 6,070.00	$ 207.00
September 2022	$ 20,895.03	$ 15,280.63	$ 300.40	$ 5,164.00	$ 150.00
October 2022	$ 22,523.27	$ 16,150.41	$ 285.86	$ 5,338.00	$ 749.00
November 2022	$ 25,405.90	$ 16,879.90	$ 828.00	$ 5,188.00	$ 2,510.00
December 2022	$ 30,650.74	$ 20,001.95	$ 1,179.79	$ 5,944.00	$ 3,525.00

Studio 2020-4					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 32,353.30	$ 22,781.10	$ 695.20	$ 8,472.00	$ 405.00
February 2022	$ 34,464.57	$ 24,217.40	$ 625.17	$ 8,722.00	$ 900.00
March 2022	$ 40,353.08	$ 29,024.08	$ 1,495.00	$ 9,274.00	$ 560.00
April 2022	$ 35,869.10	$ 25,492.76	$ 1,188.34	$ 8,948.00	$ 240.00
May 2022	$ 40,264.99	$ 29,230.07	$ 678.92	$ 8,596.00	$ 1,760.00
June 2022	$ 43,857.60	$ 33,522.95	$ 1,060.65	$ 8,674.00	$ 600.00
July 2022	$ 48,080.41	$ 36,656.09	$ 722.32	$ 10,202.00	$ 500.00
August 2022	$ 47,142.64	$ 35,082.15	$ 805.49	$ 10,350.00	$ 905.00
September 2022	$ 49,568.48	$ 36,878.60	$ 864.88	$ 11,430.00	$ 395.00
October 2022	$ 47,555.23	$ 34,538.19	$ 842.04	$ 11,630.00	$ 545.00
November 2022	$ 47,386.84	$ 28,909.60	$ 1,046.24	$ 11,606.00	$ 5,825.00
December 2022	$ 43,973.02	$ 26,934.73	$ 1,733.55	$ 11,432.00	$ 3,872.75

Studio 2020-5					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 43,333.98	$ 30,845.63	$ 1,743.35	$ 9,770.00	$ 975.00
February 2022	$ 46,012.88	$ 33,703.87	$ 2,003.02	$ 9,196.00	$ 1,110.00
March 2022	$ 44,734.31	$ 31,672.39	$ 2,011.93	$ 9,120.00	$ 1,930.00
April 2022	$ 43,232.64	$ 30,508.21	$ 1,306.43	$ 9,348.00	$ 2,070.00
May 2022	$ 45,016.99	$ 30,896.92	$ 1,159.07	$ 8,826.00	$ 4,135.00
June 2022	$ 44,560.74	$ 32,408.94	$ 1,157.81	$ 9,404.00	$ 1,590.00
July 2022	$ 48,005.23	$ 35,815.91	$ 1,347.28	$ 9,756.00	$ 1,086.03
August 2022	$ 55,515.33	$ 42,134.73	$ 1,392.60	$ 9,908.00	$ 2,080.00
September 2022	$ 50,817.79	$ 37,768.59	$ 1,325.21	$ 10,234.00	$ 1,490.00
October 2022	$ 50,016.67	$ 37,614.01	$ 975.67	$ 10,382.00	$ 1,045.00
November 2022	$ 56,851.09	$ 35,240.94	$ 1,455.14	$ 11,140.00	$ 9,015.00
December 2022	$ 58,637.43	$ 36,111.45	$ 2,763.23	$ 11,216.00	$ 8,546.75

Studio 2020-6					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 19,011.00	$ 13,353.39	$ 564.61	$ 4,800.00	$ 293.00
February 2022	$ 24,528.51	$ 17,661.15	$ 535.36	$ 4,852.00	$ 1,480.00
March 2022	$ 26,399.28	$ 20,088.26	$ 533.02	$ 5,140.00	$ 638.00
April 2022	$ 31,097.94	$ 24,878.45	$ 509.49	$ 5,202.00	$ 508.00
May 2022	$ 41,870.11	$ 33,022.11	$ 624.00	$ 5,252.00	$ 2,972.00
June 2022	$ 38,576.96	$ 31,807.30	$ 855.66	$ 5,274.00	$ 640.00
July 2022	$ 39,682.70	$ 31,530.69	$ 681.01	$ 6,260.00	$ 1,211.00
August 2022	$ 37,780.37	$ 30,573.81	$ 321.56	$ 6,210.00	$ 675.00
September 2022	$ 36,907.85	$ 28,456.75	$ 549.10	$ 7,294.00	$ 608.00
October 2022	$ 33,529.51	$ 24,855.34	$ 651.17	$ 7,496.00	$ 527.00
November 2022	$ 30,015.85	$ 20,975.00	$ 336.85	$ 7,470.00	$ 1,234.00
December 2022	$ 40,542.60	$ 26,467.92	$ 528.15	$ 7,872.00	$ 5,674.53

2021 OPENINGS

Studio 2021-1					
Month	**Gross Revenue - Total**	**Service**	**Product**	**Membership**	**Gift Card**
January 2022	$ 17,118.42	$ 11,837.33	$ 665.09	$ 4,096.00	$ 520.00
February 2022	$ 21,330.29	$ 16,076.24	$ 639.05	$ 4,044.00	$ 571.00
March 2022	$ 26,732.28	$ 20,946.45	$ 669.83	$ 4,296.00	$ 820.00
April 2022	$ 31,590.28	$ 24,778.79	$ 1,368.49	$ 4,700.00	$ 743.00
May 2022	$ 37,041.10	$ 28,847.40	$ 974.70	$ 5,074.00	$ 2,145.00
June 2022	$ 38,994.46	$ 31,873.46	$ 1,186.00	$ 5,530.00	$ 405.00
July 2022	$ 41,433.08	$ 32,652.50	$ 873.58	$ 6,862.00	$ 1,045.00
August 2022	$ 36,617.66	$ 28,105.35	$ 979.11	$ 6,412.00	$ 1,121.20
September 2022	$ 40,830.54	$ 32,892.80	$ 1,191.74	$ 6,232.00	$ 514.00
October 2022	$ 34,040.32	$ 25,765.72	$ 808.60	$ 6,306.00	$ 1,160.00
November 2022	$ 27,218.95	$ 19,226.60	$ 558.35	$ 6,254.00	$ 1,180.00
December 2022	$ 36,709.81	$ 25,014.15	$ 1,498.86	$ 6,104.00	$ 4,092.80

ACTUAL PERFORMANCE OF CORPORATE-OWNED NAIL STUDIO IN CALENDAR YEAR 2021[1]

The following chart contains an actual profit and loss statement from 2022 for our one affiliate-owned Nail Studio in Littleton, Colorado, that we consider corporate-owned. We do not own any other affiliate-owned or corporate-owned Nail Studios. This location opened in February 2014, and the information for 2022 reflects its 8th full year of operation.

	2022 ACTUALS[2]	**PERCENTAGE OF GROSS REVENUES**
GROSS REVENUE FROM SERVICES	$291,238	52.7%
GROSS REVENUE FROM MEMBERSHIPS	$187,636	34.0%
GROSS REVENUE FROM RETAIL	$26,760	4.8%
GROSS REVENUE FROM GIFT CARDS	$46,792	8.5%
TOTAL GROSS REVENUE	$552,426	100%
AVERAGE TICKET	$66.30	-
ANNUAL TICKETS	7,627	-
AVG # DAYS OPEN	356	-
NON-DISCRETIONARY EXPENSES[3]		
PAYROLL[4]	$193,349	35.0%
SALON SUPPLIES[5]	$38,670	7.0%
COST OF GOODS	$12,721	2.3%
RENT & UTILITIES[6]	$37,511	6.8%
ROYALTY FEE[7]	$30,383	5.5%
MARKETING FUND CONTRIBUTION	$11,049	2.0%
LOCAL ADVERTISING	$30,816	5.6%
CREDIT CARD FEES AND BANK CHARGES	$16,465	3.0%
INSURANCE	$4,200	>1%
TECHNOLOGY FEE[8]	$5,268	1.0%
MISCELLANEOUS[9]	$12,000	2.2%
NET PROFIT		
	$159,994	29.0%

1. Your actual gross revenue and expenses may vary considerably from this information based on a number of factors, including but not limited to, the amount of services each new client purchases, the number of repeat customers you maintain, the amount of products you sell, the local population base, any discount programs you may offer, the level of competition in your area, any pricing adjustments you choose to make, effectiveness and scope of your local marketing efforts, personnel, and other factors.

2. These expenses are based on actual expenses reported by our affiliate-owned Nail Studio. Your total expenses will depend on a number of factors including, but not limited to, your location and the business

decision that you make. The actual expenses for your location may vary considerably from these expenses based on a number of factors, including but not limited to, your rent, level of staffing, the amount of local marketing expenditures, credit loss, the precise breakdown of the services you provide, insurance coverage, discounts you offer, the amount and terms of any financing your secure for your location, the amount and level of additional expenses you incur, and other factors.

3. The financial performance figures and expenses above are actual historical information regarding our affiliate-owned location in Littleton, Colorado, which we refer to as corporate-owned for the purposes of this disclosure. The information for 2022 reflects its 8th full year of operation. You should conduct an independent investigation of revenue, costs, and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in Exhibit E to this Disclosure Document may be one source of this information.

4. The payroll expense does not include salary for the owner, and assumes the owner operates as the manager of the business. You may incur additional expense if you pay a manager to operate the business.

5. We adjusted this number so that it reflects 7% of our Gross Revenues, which is the average in our system.

6. The rent at the center above was based on approximately 1,490 square feet, and the gross rent paid was $25.18. Your rent can vary significantly depending on the size and location of your center. If you have a larger center, or pay more for rent, this expense could increase significantly. This amount also includes standard utilities.

7. The Royalty Fees are expenses you will pay under a Franchise Agreement with us, and which did not apply to our affiliate-owned Nail Studio in 2022. Thus, we have calculated what the Nail Studio would have paid and included these amounts.

8. Our monthly Technology Fee is currently $439 per month.

9. This amount includes miscellaneous expenses, such as accounting costs, legal fees, office supplies and other expenses incurred in the operation of our affiliate-owned Studio.

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

These figures are a historical representation of the financial performance of our affiliate's outlet and certain franchisees. These figures are derived from data provided to us by our franchisees and the historical performance of our affiliate for the periods indicated, based on internal unaudited financial statements. The figures were not obtained from financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) but are believed to be reliable. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representations, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned 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 actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our Co-Chief Executive Officer, Guy Coffey, at 2679 West Main,

#363, Littleton, Colorado 80120 or via phone at 720.526.2935, the Federal Trade Commission, or the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2020-2022

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2020	32	28	-4
	2021	28	22	-6
	2022	22	22	0
Company – Owned[1]	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	**2020**	**33**	**29**	**-4**
	2021	**29**	**23**	**-6**
	2022	**23**	**23**	**0**

[1]The existing company-owned Nail Studio is owned by Frenchies Revolution, an entity with the same ownership as the Franchisor.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2020-2022

STATE	YEAR	NUMBER OF TRANSFERS
California	2020	0
	2021	0
	2022	1
	2020	1

STATE	YEAR	NUMBER OF TRANSFERS
Colorado	2021	1
	2022	2
Florida	2020	0
	2021	0
	2022	1
Total	**2020**	**1**
	2021	**1**
	2022	**4**

Table No. 3
Status of Franchised Outlets
For Years 2020-2022

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWAL	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS – OTHER REASONS	OUTLETS AT END OF YEAR
California	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Colorado	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Florida	2020	3	0	1	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
Georgia	2020	3	1	1	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWAL	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS – OTHER REASONS	OUTLETS AT END OF YEAR
Kentucky	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	1	0	0	0	0
Louisiana	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Maryland	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Michigan	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Minnesota	2020	4	0	2	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Missouri	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Mexico	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
North Carolina	2020	1	2	1	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Ohio	2020	2	0	0	0	0	0	2

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWAL	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS – OTHER REASONS	OUTLETS AT END OF YEAR
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
Oregon	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	2	0	2	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Tennessee	2020	1	2	1	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020	2	4	2	0	0	0	4
	2021	4	0	1	0	0	0	3
	2022	3	2	1	0	0	0	4
Total	**2020**	**32**	**11**	**15**	**0**	**0**	**0**	**28**
	2021	**28**	**0**	**6**	**0**	**0**	**0**	**22**
	2022	**22**	**2**	**2**	**0**	**0**	**0**	**22**

Table No. 4
Status of Company-Owned Outlets
For Years 2020-2022

STATE	YEAR	OUTLETS AT START OF THE YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
Colorado	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total[1]	**2020**	**1**	**0**	**0**	**0**	**0**	**1**
	2021	**1**	**0**	**0**	**0**	**0**	**1**
	2022	**1**	**0**	**0**	**0**	**0**	**1**

[1]The existing company-owned Nail Studio is owned by Frenchies Revolution, an entity with the same ownership as the Franchisor.

Table No. 5
Projected Openings
as of December 31, 2022

STATE	FRANCHISE AGREEMENTS SIGNED AS OF DECEMBER 31, 2022, BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
California	1	1	0
Colorado	3	1	0
Georgia	2	1	0
Missouri	1	1	0
North Carolina	1	1	0
Utah	1	1	0
Total	**9**	**6**	**0**

A list of the names of all franchisees and area developers and the addresses and phone numbers of their franchises are reflected in **Exhibit E**. **Exhibit E** also contains a list of the franchisees who had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2022, or who have not communicated with us within 10 weeks of the date of this Franchise Disclosure Document. If you buy this

franchise, your contact information may be disclosed to other buyers when you leave the franchise system. We did not have any franchisees sign confidentiality clauses with us during the last three fiscal years that would prevent them from speaking openly about their experiences with us.

We have not created, sponsored, or endorsed any franchise organization and no independent franchisee organization has asked to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as **Exhibit F** are the audited financial statements for fiscal years ending December 31, 2020, December 31, 2021, and December 31, 2022, as well as our (a) unaudited interim financial information as of November 30, 2023. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

Exhibits B and **C** of this Franchise Disclosure Document contain all of the contracts proposed for use or in use in connection with the offer of our franchises, including the following agreements:

Exhibit B: Exhibit B is the Franchise Agreement. It includes the following contracts and exhibits:

Franchise Agreement Rider
Initial Franchise Fee Attachment to Rider
Exhibit A: Personal Guaranty
Exhibit B: General Release
Exhibit C: Collateral Assignment of Lease
Exhibit D: State-Specific Addenda
Exhibit E: Electronic Funds Withdrawal Authorization

Exhibit C: Exhibit C is the Area Development Agreement. It includes the following contracts and exhibits:

Area Development Agreement Rider
Exhibit A: Personal Guaranty
Exhibit B: State-Specific Addenda

ITEM 23
RECEIPTS

The last four pages of this Disclosure Document are two detachable documents acknowledging receipt of this Disclosure Document. Please sign both receipt pages and return one fully executed Receipt to us.

EXHIBIT A

FRENCHIES, LLC

FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (866) 275-2677 1455 Frazee Road, Suite 315 San Diego, CA 92108 One Sansome Street, Ste. 600 San Francisco, CA 94104 2101 Arena Boulevard Sacramento, CA 95834	California Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation 320 W. 4th Street, Suite 750 Los Angeles, California 90013
CONNECTICUT	State of Connecticut Department of Banking Securities and Investment Division 260 Constitution Plaza Hartford, Connecticut 06103 860.240.8230	Banking Commissioner Department of Banking Securities and Investment Division 260 Constitution Plaza Hartford, Connecticut 06103
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, HI 96813 805.586.2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 205 Honolulu, HI 96813
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62701 217.782.4465	Illinois Attorney General 500 South Second Street Springfield, IL 62701
INDIANA	Indiana Secretary of State Securities Division Franchise Section Room E 111 302 West Washington Street Indianapolis, IN 46204 317.232.6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 410.576-6360	Office of Attorney General Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020
MICHIGAN	Department of Attorney General Consumer Protection Division Franchise Section G. Mennen Williams Building 525 W. Ottawa Street Lansing, MI 48909 517.373.1110	Michigan Department of Commerce Corporations, Securities & Commercial Licensing Bureau 2407 North Grand River Avenue Lansing, MI 48906
MINNESOTA	Minnesota Department of Commerce Securities Division 85 7th Place East, Suite 280 St. Paul, MN 55101 651.539.1600	Minnesota Commissioner of Commerce Department of Commerce Securities Division 85 7th Place East, Suite 280 St. Paul, MN 55101
NEBRASKA	Nebraska Department of Banking and Finance Bureau of Securities 1526 K Street, #300 Lincoln, Nebraska 68508 402.471.3445	Nebraska Department of Banking and Finance P.O. Box 95006 Lincoln, Nebraska 68509
NORTH CAROLINA	Department of the Secretary of State Business Opportunities 2 South Salisbury Street Raleigh, NC 27601-2903 P.O. Box 29622 Raleigh, NC 27626-0622 (919) 814-5400	Department of the Secretary of State P.O. Box 29622 Raleigh, NC 27626
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212.416.8222	Secretary of State 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Bismarck, ND 58505-0510 701.328.2910	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Bismarck, ND 58505-0510

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
RHODE ISLAND	Department of Business Regulation Division of Securities Regulation 1511 Pontiac Avenue John O. Pastore Complex Building 69-1 Cranston, RI 02920 401.462.9500	Director of Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Center Building 69-1 Cranston, RI 02920
SOUTH DAKOTA	Division of Securities Department of Labor & Regulation 124 S. Euclid, 2nd Floor Pierre, SD 57501 605.773.3563	Director of South Dakota Division of Securities Department of Labor & Regulation 124 S. Euclid, 2nd Floor Pierre, SD 57501
TEXAS	Secretary of State Statutory Documents Section 1019 Brazos Austin, Texas 78711	
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building 1300 E. Main Street, Ninth Floor Richmond, VA 23219 804.371.9051	Clerk of the State Corporation Commission 1300 E. Main Street, First Floor Richmond, VA 23219
WASHINGTON	State Administrator Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 360.902.8700	Director, Washington Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507
WISCONSIN	Department of Financial Institutions Division of Securities 201 West Washington Avenue, Suite 300 Madison, WI 53703 608.266.1064	Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT B

FRENCHIES, LLC

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT, GUARANTY, AND OTHER EXHIBITS

Frenchies
modern nail care

FRANCHISE AGREEMENT

FRENCHIES, LLC
a Colorado limited liability company
2679 West Main, #363
Littleton, Colorado 80120 Telephone:
720.526.2935
franchise@frenchiesnails.com
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FRENCHIES® FRANCHISE AGREEMENT

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EXHIBITS:

Exhibit A	Personal Guaranty and Agreement
Exhibit B	General Release
Exhibit C	Collateral Assignment of Lease
Exhibit D	State-Specific Addenda to Franchise Agreement
Exhibit E	Electronic Funds Withdrawal Authorization

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FRENCHIES® FRANCHISE AGREEMENT

This **FRANCHISE AGREEMENT** ("**Agreement**") is made as of the Effective Date set forth in the Rider attached to this Agreement (the "**Rider**") between **FRENCHIES, LLC**, a Colorado limited liability company ("**we**" or "**us**") and the person or persons named in the Rider as "**Franchisee**" ("**you**").

RECITALS:

A. We have invested substantial time, effort, and money to develop a system for operating boutique studios that offer hand and foot care services to men and women, and other related products and services, under the trademark "**FRENCHIES®**" and other trademarks, service marks, and intellectual property rights. We grant franchises to qualified candidates for the operation of a hand and foot care business. We license our trademark rights in "**FRENCHIES**" "**FRENCHIES NAIL SALONS®**" and may in the future adopt, use, and license additional or substitute trademarks, service marks, logos, and commercial symbols in connection with the operation of FRENCHIES studios (collectively the "**Marks**"). FRENCHIES studios use our methods, procedures, standards, specifications, and Marks (all of which are collectively referred to as the "**System**"), which we may improve, further develop, or otherwise modify from time to time.

B. The distinguishing characteristics of the System include distinctive interior design, decor, color schemes, fixtures, and furnishings; standards and specifications for products, services, equipment, materials, and supplies; uniform standards, specifications, and procedures for operations; purchasing and sourcing procedures; training and assistance; and marketing and promotional programs; all of which may be changed, improved, and further developed by us from time to time.

C. You desire to enter into the business of operating a Nail Studio under the System and using the Marks, and wish to enter into this Agreement with us for that purpose, and to receive the training and other assistance provided by us in connection therewith.

D. You acknowledge that you have had an adequate opportunity to be thoroughly advised about the provisions of this Agreement and our Franchise Disclosure Document and have had sufficient time and opportunity to evaluate and investigate the System and the procedures and financial requirements associated with the System, as well as the competitive market in which it operates.

E. You desire to operate a FRENCHIES franchise that will conform to our uniform requirements and quality standards as we establish from time to time.

AGREEMENTS:

1. GRANT OF FRANCHISE; FRANCHISED LOCATION

A. Grant of Franchise. Subject to the provisions stated below, we license to you a personal franchise to operate a FRENCHIES business (your "**Nail Studio**") in conformity with our System at the location described on the Rider (the "**Franchised Location**"). You accept the license and undertake the obligation to operate your Nail Studio using the System and in compliance with our standards. Unless otherwise agreed in writing by us, you must open your Nail Studio within twelve (12) months from the Effective Date; *provided, however*, we will give you a one-time opportunity to extend this date by three (3) months subject to you paying us an extension fee of Five Hundred Dollars ($500) and signing an extension agreement in the form we provide. However, if you are converting an existing nail care business to a FRENCHIES studio, you must

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complete all remodeling and open your Nail Studio in accordance with the terms of this Agreement within ninety (90) days of the Effective Date. In each case, you must diligently operate your Nail Studio in accordance with this Agreement for the entire remaining term of this Agreement. Notwithstanding the foregoing, if you are entering into this Agreement under the terms of an Area Development Agreement executed between you and us, you will open your Nail Studio on or before the date set forth in the "**Development Schedule**" (as defined in the Area Development Agreement). Your Nail Studio may only be operated at the Franchised Location. If you would like to open a second or subsequent location, you must sign a new franchise agreement on our thencurrent form for each location, and pay the applicable franchise fees for each location.

B. Limitations. The rights and privileges granted to you under this Agreement are personal in nature and may not be used at any location other than the Franchised Location. You do not have the right to delegate, subfranchise, or sublicense any of your rights under this Agreement. Without our written consent, you may not use the Franchised Location for any purpose other than the operation of a FRENCHIES studio. Your rights hereunder shall be limited to offering and selling products and services at the Nail Studio, and only to retail customers of the Nail Studio (the "**Premises**"). You expressly acknowledge that you may only engage in off-Premises activities within the Protected Territory (as defined below) and only in accordance with such specific programs, policies, terms and conditions as we may from time to time establish and in accordance with the requirements of this Agreement and the procedures set forth in the Manual and all applicable laws. You may not, without our prior written approval, engage in any other type of sale of, or offer to sell, or distribution of products or services, including, but not limited to: selling, distributing or otherwise providing, any products to third parties at wholesale, or for resale or distribution by any third party; and selling, distributing or otherwise providing any products through catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., the Internet).

C. Protected Territory. Included in the Rider is a map or description of an area surrounding the Franchised Location (the "**Protected Territory**").

D. Except as specified in this Section or in **Section 2.B**, during the term of this Agreement, we will not operate—or license to anyone else the right to operate—a FRENCHIES studio from any other location in the Protected Territory, provided that we retain the following rights, among others, on any terms and conditions we deem advisable, and without granting you any rights therein:

i. To own, acquire, establish, and/or operate and license others to establish and operate, Nail Studios under the System at any location outside the Protected Territory, notwithstanding their proximity to the Protected Territory or the Franchised Location or their actual or threatened impact on sales of the Nail Studio;

ii. To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Marks, whether such businesses are similar to or different from the Nail Studio, at any location within or outside the Protected Territory, notwithstanding their proximity to the Protected Territory or the Franchised Location or their actual or threatened impact on sales of the Nail Studio;

iii. To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through mail order, toll free numbers, the Internet, other Electronic Media, mobile and temporary locations, and other alternative distribution channels, including products bearing our Marks; and

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iv. To (i) acquire one or more retail businesses that are the same as, or similar to, Nail Studios then operating under the System (each an "**Acquired Business**"), which is part of a system of retail businesses that we or our affiliates acquire (an "**Acquired System**"). An Acquired Business may be at any location within or outside the Protected Territory, notwithstanding its proximity to the Protected Territory or the Franchised Location or their actual or threatened impact on sales of the Nail Studio. We may operate and/or license others to operate any Acquired Business under its existing name or as a studio under the Marks and System at any location. You will have no right to purchase, and we will not be obligated to offer you any option to purchase, any Acquired Business that is operated by a licensee or franchisee under the Acquired System. We may license such unit to be operated under any trade name or trademarks, including the Marks, and may also license to the licensee or franchisee additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the protected territory or development territory.

In addition, the boundaries of your Protected Territory may overlap with a territory we grant to another franchisee or to a FRENCHIES studio we (or our affiliates) operate, so long as no other FRENCHIES studio is located within your Protected Territory.

E. Additional Reservation of Rights. We and our affiliates reserve any and all rights not expressly granted to you under this Agreement, including, without limitation, the right to sell products and services anywhere—including within the Protected Territory and including to your customers—under the "**FRENCHIES**" name, or under any other name, through any channel of distribution.

2. TERM; RENEWAL RIGHTS

A. Initial Term. The term of this Agreement is for ten (10) years commencing on the Effective Date of this Agreement, unless terminated earlier as provided in this Agreement.

B. Renewal. You have the right to renew your Nail Studio franchise for the Franchised Location for an additional ten (10) year term, provided you meet all of the following conditions:

i. You have given us written notice at least two hundred ten (210) days before the end of the then-current term of this Agreement of your desire to renew;

ii. You—and all entities of which you are a member, partner, or shareholder—are in compliance with all agreements between you and us and between you and our affiliates, and there has been no series of defaults by you under those agreements (i.e., an abnormal frequency of defaults, a default that has occurred repeatedly, or a combination thereof), whether or not those defaults were cured;

iii. You make—or provide for in a manner satisfactory to us—renovation and re-equipping of your Nail Studio as we deem appropriate to reflect the then-current standards and image of the System, including, without limitation, renovation or replacement of signs, equipment, furnishings, fixtures, and decor;

iv. You pay us a renewal fee at least fifteen (15) days before expiration of the initial term of this Agreement in an amount equal to Three Thousand Dollars ($3,000) (which we will reduce to Two Thousand Five Hundred Dollars ($2,500) if we receive all your signed renewal documents, and this fee, at least thirty (30) days before this Agreement expires) (the "**Renewal Fee**");

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v. You sign the standard Franchise Agreement then being used by us within thirty (30) days of receipt, provided that you pay the Renewal Fee in lieu of the Initial Franchise Fee set forth in the then-current Franchise Agreement. The terms of that Franchise Agreement may differ from this Agreement, including higher fees and a modification to the Protected Territory based upon our then-current methods of determining Protected Territory areas (and which may include a reduction in the Protected Territory);

vi. You present satisfactory evidence that you have the right to remain in possession of the Franchised Location for the duration of the renewal term, unless we determine that the location of your business is no longer viable for the operation of your Nail Studio, in which case we may condition your right to renew on your obtaining a new site for your Nail Studio that we approve;

vii. Your management staff and each technician you employ in your Nail Studio successfully completes any refresher training we prescribe at least thirty (30) days before the expiration of the term of this Agreement; and

viii. At the time you sign the Franchise Agreement to renew your franchise, you sign and deliver to us a general release, a form prescribed by us, releasing (to the fullest extent permitted under the laws of the state where your Nail Studio is located) all claims that you may have against us and our affiliates and our respective officers, directors, shareholders, members, managers, employees, insurers, consultants, contractors, and agents, in both their corporate and individual capacities.

If you fail to timely comply with any provision of this Section, time being of the essence, we will at all times thereafter be permitted to operate—or license to someone else the right to operate—a FRENCHIES studio from any location in the Protected Territory, and you specifically grant to us and to the owner of that studio the right to contact the customers of your Nail Studio, notify them that you have chosen not to renew your relationship with us, and solicit those customers to patronize a new FRENCHIES studio in the Protected Territory.

3. MARKS AND COPYRIGHTS

A. Identity of Your Nail Studio. Your Nail Studio will be identified by the trademark "FRENCHIES," and other names and logos we prescribe from time to time.

B. Ownership of Mark. You agree that we own the Marks and the System. You also agree that any and all improvements and derivations by you relating to the Marks and System are our sole property and you hereby assign to us the same, together with the goodwill associated with the same. We will have the exclusive right to register and protect all improvements and derivations of the Marks and the System.

C. Use. Your right to use and identify with the Marks and System applies only to the Franchised Location, and exists concurrently with the term of this Agreement and only so long as you are in complete compliance with our quality standards. You will have the right to use the Marks and System only in the manner we prescribe, direct, and approve in writing. You will not have or acquire any rights in any of the Marks or System other than the right of use as governed by this Agreement. You may not authorize others to use or reproduce our Marks without our prior written consent. Your use of the Marks and any resulting goodwill will be to our exclusive benefit. If, in our judgment, your conduct infringes upon or demeans the goodwill, standards of uniformity or quality, or business standing associated with the Marks or the System, you will immediately, upon

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written notice from us, modify your use of the Marks and the System in the manner we prescribe in writing. You will not—during or after the term of this Agreement—do anything directly or indirectly that would disparage, infringe upon, harm, or contest our rights in the Marks or System.

D. Promotion. You will operate your Nail Studio so that it is clearly identified and advertised as a FRENCHIES studio. The style, form, and use of the words "FRENCHIES" in any advertising, written materials, products, or supplies, including (but not limited to) in or on any Website or in or on any Electronic Media (each defined below), must, however, have our prior written approval and comply with specifications we prescribe in writing and as set forth in the Manual, or otherwise. You will use the trademark "FRENCHIES" and the other Marks that now or hereafter may form a part of the System, on all signs, paper supplies, business cards, uniforms, advertising materials, Websites, your FRENCHIES Website, Electronic Media, signs, and other articles in the identical combination and manner as we prescribe in writing and you will supply to us samples or photographs of the same upon our request. You will comply with all trademark, trade name, service mark, and copyright notice marking requirements and you will supply to us samples or photographs of the same upon our request. You will not use the words "FRENCHIES" in your corporate, partnership, limited liability company, or other entity name. You may not maintain any Website or Electronic Media that use the words "FRENCHIES" or any similar name or use of refer to the Marks or the System without our prior written consent, which we may withhold in our sole discretion.

E. Substitutions of, or Adverse Claims to, Marks. We have the right to protect and maintain all rights to the Marks against encroachment, misuse, or unauthorized use and against all challenges to any rights of its use, as we deem appropriate. If it becomes advisable at any time, in our sole discretion, to modify our use of any Mark, or to discontinue using any Mark, or if there is an adjudication by a court of competent jurisdiction that any party's rights to any of the Marks are superior to ours, then upon written notice from us, you will, at your sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by us in writing, and if the Mark that is changed is the name "FRENCHIES," then all references in this Agreement to the name "FRENCHIES" will be deemed references to the substitute Mark. If we modify or discontinue use of any Mark, you will immediately cease using the Marks specified by us, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs, and commercial symbols designated by us in connection with all advertising, marketing, and promotion of your Nail Studio. We will have no liability or obligation whatsoever with respect to your modification or discontinuance of any Mark. You will not make any changes or amendments in or to the use of the Marks or System unless directed by us in writing.

F. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you with respect to the Marks and will, at your reasonable expense, cooperate in all respects with us in any court or other proceedings involving the Marks. We will pay the cost and expense of all litigation incurred by us, including reasonable attorneys' fees, specifically relating to the Marks. We will have the right to control and conduct any litigation relating to the Marks and be entitled to all recovery related to claims arising from or related to the Marks. While we are not required to defend you against a claim based on your use of the Marks, we will reimburse you for your liability. You will also be required to reimburse us for liability arising out of your unauthorized use of any of the Marks.

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G. Copyrighted Materials. You acknowledge and agree that we may authorize you to use certain copyrighted or copyrightable works (the "**Copyrighted Materials**"), including the Manual (as defined below). The Copyrighted Materials are our valuable property. Your rights to use the Copyrighted Materials are granted to you solely on the condition that you comply with the terms of this Agreement. Your use of the Copyrighted Materials does not vest you with any interest other than the temporary, non-exclusive license to use the Copyrighted Materials granted in this Agreement. All rights that inure as a result of the use of the Copyrighted Materials belong solely to us.

H. Protection. You will sign any documents that we or our counsel deem necessary for the protection of the Copyrighted Materials or the Marks or to maintain their validity or enforceability, or to aid us, at our expense, in acquiring rights in or registering any of the Marks or any trademarks, trade names, service marks, slogans, logos, or emblems that we subsequently adopt.

4. INITIAL FRANCHISE FEE

A. Initial Franchise Fee. You will pay us a nonrefundable initial franchise fee (the "**Initial Franchise Fee**") as set forth in the Rider.

B. No Refunds. The Initial Franchise Fee has been fully earned upon our signing of this Agreement and is nonrefundable in consideration of the expenses incurred by us in granting this franchise and for the lost or deferred opportunity to franchise others.

5. WEEKLY FEES

A. Weekly Royalty Fee. On Monday of each week, you will pay to us a non-refundable weekly royalty payment (the "**Weekly Royalty Fee**") equal to the greater of: (i) One Hundred Dollars ($100) per week; or (ii) five and one-half percent (5.5%) of the Gross Revenues generated in the preceding week by your Nail Studio.

i. Your obligation to pay us the Weekly Royalty Fee under the terms of this Agreement will apply to any Gross Revenues collected during the term of this Agreement. If you have not opened your Nail Studio within one (1) year from the Effective Date, you must begin paying the Weekly Royalty Fee one (1) year from the Effective Date; *provided, however*, that if you have not yet been given a Protected Territory, or you voluntarily relinquish your Protected Territory, then for a fee of Five Hundred Dollars ($500), we will grant you one (1) nine (9) month extension to open your Nail Studio, and we will waive the Weekly Royalty Fee until you begin operating your Nail Studio. Your obligation to pay the Weekly Royalty Fee will remain in full force and effect throughout the term of this Agreement.

ii. "**Gross Revenues**" means the total amount of revenues you receive from all business activities and all other income of every kind and nature related to, derived from, or originating from the Nail Studio, whether at retail or wholesale (whether such sales are permitted or not), whether for cash, check, or credit, and regardless of collection in the case of check or credit, plus the fair market value of products delivered and services rendered to you, or to your designee, in consideration for products and services provided in, from, or in conjunction with your Nail Studio. There will be excluded from Gross Revenues bona fide refunds, credits given or allowed to customers for the return of merchandise, and amounts collected from customers and remitted by you to any governmental taxing authority in satisfaction of sales taxes.

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2023-24 FRANCHISE AGREEMENT

B. Weekly Advertising and Marketing Fund Contribution. Beginning upon the opening of your Nail Studio, on Monday of each week, you will pay to us a non-refundable weekly "**General Advertising and Marketing Fund Contribution**" equal to two percent (2%) of the preceding week's Gross Revenues from your Nail Studio. We reserve the right, in our sole discretion, to increase the amount of the General Advertising and Marketing Fund Contributions for such amount we determine; provided we may only increase the amount once per any twelve (12) month period and in no event shall the General Advertising and Marketing Fund Contributions exceed three percent (3%). We will account for all General Advertising and Marketing Fund Contributions we receive as part of a "**General Advertising and Marketing Fund**." We have the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved, or merged.

i. We may use monies in the General Advertising and Marketing Fund for any purpose that promotes the System, the Marks, or the Frenchies Modern Nail Care name as we deem appropriate in our sole discretion, which may include the creation, production, and placement of consumer advertising; agency costs and commissions; costs of preparing and conducting local, regional, or national media of our choice, including but not limited to: television, radio, internet, magazine, direct mail and newspaper, billboard, social media and digital advertising, other forms of out-of-home advertising and direct mail campaigns, and other public relations activities; developing and/or hosting an internet web page or similar activities; administering multi-regional advertising programs, direct mail and other media advertising; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns, including the cost of retaining public relations firms; market research (including sampling); and other advertising and marketing activities, including participating at tradeshows. We may also reimburse ourselves, our authorized representatives or our affiliates from the General Advertising and Marketing Fund for any expenses we incur related to the promotion of the Frenchies Modern Nail Care brand, the Marks, or the System, including administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us and our authorized representatives and associated with the programs funded by the General Advertising and Marketing Fund. Advertising may be placed in local, regional, or national media of our choice. We do not guarantee that advertising expenditures from the General Advertising and Marketing Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all.

ii. All interest, if any, earned by the General Advertising and Market Fund will be used for the payment of the foregoing expenses before application of any principal.

iii. We will prepare on an annual basis, and will have available for you within one hundred and twenty (120) days of the end of the fiscal year, a statement of contributions and expenditures for the General Advertising and Marketing Fund. The statement will be presented to you upon your written request. The General Advertising and Marketing Fund is not required to be independently audited.

iv. Methods, media employed, the contents of advertising and marketing, and terms and conditions of advertising, marketing, and promotional programs, will be in our sole discretion, but we will not use any of these monies for any advertising that is primarily directed to helping us sell franchises.

C. Manner of Payment. Your payment of the Weekly Royalty Fee, the General Advertising and Marketing Fund Contribution, and other fees owed to us will be collected on Monday of each week after we

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receive your Gross Revenue report. Payment will be made by an electronic funds transfer program (the "**EFT Program**") under which we automatically deduct from your bank account all payments you owe to us under this Agreement or any other agreement between you and us. Before opening your Nail Studio, you will provide us with your bank name, address, account number, and a voided check from your bank account. You will also execute an Electronic Funds Withdrawal Authorization, which is attached as **Exhibit E** to this Agreement, and give copies to your bank and us. You will immediately notify us of any change in your banking relationship, including changes in account numbers. We reserve the right to require you to pay any fees due under this Agreement by other means or on different schedules as we may specify from time to time. If we do not receive your Gross Revenue report in the time period required by this Agreement, we may process an EFT for the week based on the most recent Gross Revenue report; *provided, however*, that if we subsequently receive a Gross Revenue report and it reflects: 1.) that the actual amount of fee due was more than the amount of the EFT, then we will be authorized, at our option, to withdraw additional funds through EFT from your designated account such that we will collect for that reporting period either 110% of the fees transferred from your account for the last reporting period or the amount due based on the late-submitted Gross Revenue report; or 2.) that the actual amount of the fee due was less than the amount of the EFT, then we will credit the excess amount to the payment of your future obligations. You agree that you will not withhold payment of any Weekly Royalty Fee, General Advertising and Marketing Fund Contributions, Technology Fee, or any other amount due to us, and that any alleged non-performance or breach of any obligation you may claim by us under this Agreement or related agreement does not establish a right at law or in equity to withhold payments due us for the Weekly Royalty Fee, General Advertising and Marketing Fund Contributions, Technology Fee, or any other amount due to us.

6. ADVERTISING AND PROMOTION

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

A. Generally. Generally, with regard to advertising for the Nail Studio, you will place or display at the Franchised Location (interior and exterior) only the signs, emblems, lettering, logos, and displays and advertising materials as we approve in writing from time to time. You will submit to us, at least fifteen (15) business days before publication or use, samples of any sales, promotional, and advertising materials you desire to use, including, but not limited to, print, radio, television, and internet advertising, signage, supplies, and packaging which we have not previously approved. Within ten (10) business days of our receipt of any sample sales promotional material or advertising materials from you, we will notify you in writing of our approval or disapproval of the materials. You will not use any advertising or promotional materials for which we have not given our prior written approval. All advertising will prominently display the Marks and will comply with any standards for use of the Marks we establish as set forth in the Manual or otherwise in writing. We may require you to discontinue the use of any advertising or marketing material, within time frames prescribed by us, at your sole cost and expense. Upon written notice to you, we may require you to participate in mandatory promotions as we may develop and implement from time to time.

B. Territorial Advertising Restriction. You are not permitted to solicit customers and/or advertise outside your Protected Territory without our prior written consent, which we may grant at its sole discretion. We may condition our authorization upon your agreement to offer other franchisees of the System who are operating Nail Studios in territories encompassed by the circulation base of the proposed advertising the opportunity to participate in, and share the expense of, such solicitation and/or advertising. Notwithstanding the foregoing, you may accept customers from outside your Protected Territory at your Nail Studio, provided you did not solicit such

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customers by advertising outside of your Protected Territory without our prior written consent. You may not advertise the Nail Studio or any products or services offered by the Nail Studio via the Internet or any other means of e-commerce, except as permitted in Section 6.C below.

C. Internet Advertising. In addition to the advertising obligations described above, as soon as possible (based on publication deadlines) after signing this Agreement, you must place an online advertisement with Yelp, Google Pages, and any other internet advertising providers as we may require from time to time. Advertisements must conform to our standards and specifications and you must place the advertisements under the heading(s) we designate in the Manual or otherwise in writing.

D. Websites. As used in this Agreement, the term "**Website**" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, you agree to the following:

i. We have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, any or all of the FRENCHIES studios operating under the System, the franchising of FRENCHIES studios, and/or the System. We have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; we also have the right to discontinue operation of the website.

ii. If we operate a Website for the promotion of the System, we will include location-specific information regarding the Nail Studio.

iii. You may not establish a separate Website, without our prior written approval (which we shall not be obligated to provide). If approved to establish a Website, you must comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any Website owned or maintained by or for the benefit of you shall be deemed "advertising" under this Agreement, and will be subject to (among other things) our approval.

iv. We will have the right to modify the provisions of this Section relating to Websites as we shall solely determine is necessary or appropriate.

E. Online Use of Marks. You may not, without our prior written approval, use the Marks or any abbreviation or other name associated with us and/or the System as part of any email address, domain name, and/or other identification of you in any electronic medium. You agree not to transmit or cause any other party to transmit advertisements, solicitations, marketing information, promotional information or any other information whatsoever regarding FRENCHIES studios by email or any other "**Electronic Media**" without our prior written consent and in accordance with such specific programs, policies, terms and conditions as we may from time to time establish. Electronic Media shall include, but not be limited to, blogs, microblogs, social networking sites (such as Facebook, Instagram and LinkedIn), video-sharing and photo-sharing sites (such as YouTube and Flickr), review sites (such as Yelp and Urbanspoon), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms and virtual worlds.

F. Grand Opening and Ramp Up Plan. You must provide us with a Grand Opening and Ramp Up Plan that we approve at least thirty (30) days prior to the opening of your Nail

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Studio, which outlines your plan for the grand opening advertising of your Nail Studio. We may require you to work with one or more vendors that we designate to execute the Grand Opening and Ramp Up Plan. During the period of time beginning thirty (30) days before until ninety (90) days following the opening of the Nail Studio, you must spend a minimum of Fifteen Thousand Dollars ($15,000) to implement a grand opening advertising and promotional campaign. We, at our sole discretion, may require you to purchase certain digital media, print media, television, advertising, radio advertising, billboards, signage, plus graphic designs, layouts, and written copy for advertisements, from us or from other vendors that we designate. We may require you to provide proof that these funds were spent. If you fail to spend the minimum required amount on the Grand Opening and Ramp Up Plan, we have the right to collect from you the difference between what you should have spent for the Grand Opening and Ramp Up Plan and what you actually spent. The amounts you spend on the Grand Opening and Ramp Up Plan are in addition to the General Advertising and Marketing Fees that you must pay to us. The Grand Opening and Ramp Up Plan may include digital media, print media, television advertising, radio advertising, billboards, or other outdoor signage. In addition to costs associated with the Grand Opening and Ramp Up Plan, you must purchase certain marketing materials such as branded promotional products, printed materials, large format indoor or outdoor signage, and similar items, from us or a designated supplier.

G. Regional Advertising and Promotional Cooperative. We will have the right, in our discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("**Cooperative**"), and to determine whether a Cooperative is applicable to your Nail Studio. If a Cooperative has been established applicable to your Nail Studio at the time you begin operating under this Agreement, you must immediately become a member of such Cooperative. If a Cooperative applicable to your Nail Studio is established at any later time during the term of this Agreement, you must become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative begins operation. If your Nail Studio is within the territory of more than one Cooperative, you are required to be a member of only one (1) such Cooperative. The following provisions will apply to each Cooperative:

i. Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by us;

ii. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising;

iii. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. All such plans and materials will be submitted to us in accordance with the procedure set forth in Section A hereof;

iv. All activities and decisions of the Cooperative will be determined by a majority vote of the member franchisees in the Cooperative; and

v. Each member franchisee must submit to the Cooperative, no later than the fifth (5th) day of each month, for the preceding month, its respective contribution as provided in this Agreement together with such other statements or reports as we may require or as may be required by the Cooperative with our approval.

H. Your Local Advertising and Advertising Cooperatives.

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i. In addition to the General Advertising and Marketing Fund Contributions, you agree to conduct your own local advertising of your Nail Studio, either alone or in combination a Cooperative. You must spend a minimum of one and one-half percent (1.5%) of your Gross Revenues on local advertising in addition to any amounts paid to the General Advertising and Marketing Fund. You acknowledge that it is your responsibility to market your Nail Studio, and that the General Advertising and Marketing Fund Contributions are merely used to supplement the local advertising conducted by each of our franchisees. We may, at our option, require you to submit to us for our prior approval any advertising you propose to use for the promotion of your Nail Studio. You must submit to us proof of such local advertising expenditures upon our request. If you fail to comply with this requirement, we may, at our option, spend this amount for you on local advertising and remit payment to cover the cost and expenses from you in accordance with Section 5.C. You must also purchase a representative sample of all marketing materials we prepare for brand-level promotions. We may prescribe minimum amounts of these materials that you must purchase. As used in this Agreement, the term "**local advertising**" shall refer to advertising related directly to the Nail Studio, and shall, unless otherwise specified, consist only of the direct costs of purchasing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including, but not limited to, advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), and such other activities and expenses as we, in our sole discretion, may specify. We may provide to you, in the Manual or otherwise in writing, information specifying the types of advertising and promotional activities and costs which shall not qualify as "local advertising and promotion," including, without limitation, the value of advertising coupons, and the costs of products provided for free or at a reduced charge for charities or other donations.

ii. You must participate, if required by us, in any local, regional or national cooperative advertising group or program, consisting of other franchisees in the System and companyowned Nail Studios, when and if any such groups are created (each, an "Advertising Cooperative"). The particular Advertising Cooperative(s) in which you may be required to participate may be designated by us in our sole discretion. Your payments to any Advertising Cooperative will be determined the participants in such Advertising Cooperative, as set forth in the by-laws of that Advertising Cooperative or membership, dues, participation or other payment agreements of such Advertising Cooperative. Franchisee, however, may not be required to spend more than one and one-half percent (1.5%) of Gross Revenues per annum in connection with any Advertising Cooperative. Amounts paid to an Advertising Cooperative shall be credited against payments you are otherwise required to make for local advertising as required by Section 6.H(i) above. You will enter into such agreements with such other franchisees in the System or us, as the case may be, as shall be necessary or appropriate to accomplish the foregoing and you will abide by such agreements and decisions that the Advertising Cooperative is authorized by us and such franchisees to make related to advertising and marketing in the area covered by the Advertising Cooperative. If you become delinquent in your dues or other payments to the Advertising Cooperative or fails to abide by any agreements or authorized decisions of the Advertising Cooperative, such delinquency or failure shall be deemed a material breach of this Agreement. We may, upon thirty (30) days' written notice to you, suspend or terminate an Advertising Cooperative's program or operations. As a member of any Advertising Cooperative, at our request, you will provide to us all information requested by us related to such Advertising Cooperative within ten (10) days after our request therefor.

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I. Opening Marketing Supplies. Before opening your Nail Studio, you will purchase initial business supplies and marketing materials, including business cards, thank you notes, studio intake forms, appointment reminder cards, business stationery (letterhead) and similar items. We will provide recommended suppliers for these opening supplies and any additional marketing materials. If you order items other than those we have approved, you must obtain our prior approval of those items.

7. FRENCHIES STUDIO PREMISES

A. Site Acquisition. Before the acquisition by lease or purchase of the site for your Nail Studio, you will submit information and materials that we require to us, which may include, but not be limited to, your proposed lease. We will have thirty (30) business days after receipt of the information and materials we requested to approve or disapprove your proposed site. We may condition our approval of any proposed Lease on, among other things, your execution (and your landlord's execution) of our current lease terms and provisions that we may reasonably require, including without limitation, a Collateral Assignment that: a.) grants us the right—but not the obligation—to assume the Lease if you default on the Lease or if this Agreement is terminated, transferred, or expires; and b.) authorizes and requires your landlord to disclose to us, on our request, sales and other information you have furnished to your landlord. No site will be deemed approved unless we have expressly approved it in writing by notice of site approval sent to you. Our current form of Collateral Assignment of Lease is set forth in **Exhibit C** to this Agreement. Our examination and approval of the location of your Nail Studio site does not constitute a representation, guaranty, or warranty, express or implied, of your Nail Studio's successful operation or profitability at that location. In addition, we may require you to furnish us with a copy of the signed lease and Collateral Assignment of Lease within five (5) days after its execution.

B. Opening. You may not initially open your Nail Studio for business until you have completed all of your pre-opening obligations and secured our consent to you opening the studio, including your opening date.

C. Relocation. You may not move or relocate your Nail Studio without our prior written consent, which consent will not be unreasonably withheld.

i. The request for relocation must be made in writing, stating the new location, received by us at least sixty (60) days before the date of intended relocation, and be accompanied by a relocation fee of $1,000 (the "**Relocation Fee**"). The new location must be within the Protected Territory, and it may not be located within any territory we grant to any other franchisee. We

   will refund the Relocation Fee to you if we do not approve your new location. In addition to the Relocation Fee, you will be responsible for any expenses we incur in facilitating your relocation.

ii. Upon receipt of our approval, you must upgrade the new space to comply with all of our current specifications, and construct the new premises in the manner required under **Section 9.A**.

iii. Following your relocation, we (or our designee) will conduct a security inspection of the premises to assure all security equipment has been properly installed.

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8. OUR OBLIGATIONS/TRAINING

A. Location. We will provide you with consulting services to assist you in determining the evaluation criteria for selecting the site location for your Nail Studio as described above.

B. Prototype Floor Plan. Before you begin construction of your Nail Studio, we will provide you with a prototype floor plan and a list of the equipment, displays, fixtures, and furnishings for setting up or remodeling your studio. It will then be your obligation to conform the prototype plans to your space, and to construct your premises according to the provisions of this Agreement and in compliance with all local laws.

C. Initial Management Training. We will, at our expense, provide an initial management training program to educate and acquaint you and up to one additional member of your management team with the business of operating a FRENCHIES studio. The training program will include instruction on basic operating skills and other topics we select. If you have more than one (1) Franchise Agreement with us, we may, at our option, provide this training program one (1) time for multiple agreements. Before you open your Nail Studio, the person you designate as your principal operator (whether you, if you are an individual, or a person designated by you and approved by us if you are an entity) (the "**Principal Operator**") must attend—and successfully complete—one of the next two (2) initial management training programs we offer after our acceptance of this Agreement. In addition, someone owning more than a ten percent (10%) interest in your Nail Studio and signing or guaranteeing this Agreement, if other than the Principal Operator (a "**Principal Owner**"), must also attend—and successfully complete—one of these next two (2) initial management training programs**.** If anyone other than a Principal Owner attends this training program, we will require they sign a confidentiality agreement that meets our requirements before they attend and you must provide us a copy of that agreement. The period of the training program will be at our discretion, but generally will be for a total of one (1) to two (2) weeks and will be scheduled by us in our discretion. You will be responsible for travel costs, room and board, salaries, fringe benefits, and other expenses incurred by you and your employees in attending the training program. We may provide this training virtually or at a location that we designate, in our discretion.

D. Advertising and Promotional Materials. We will review and have the right to approve or disapprove all advertising and promotional materials that you propose to use, pursuant to the terms of this agreement. If established, we will administer the General Advertising and Marketing Fund.

E. Annual Conference. Once we begin holding annual franchise conferences, a Principal Owner is required to register for and attend our annual conference annually. The Principal Owner must register and pay the fee we set each year for this conference at least one hundred twenty (120) days before the start of the conference. If the Principal Owner cannot attend the conference, we will consider allowing you to transfer the registration to your Principal Operator, but to no other person. Additional representatives of yours may also attend the conference, as long as you register them and pay the registration fee for their attendance. You must also pay for all travel and living expenses incurred by you and your representatives in attending the conference. If you fail to register for the annual conference, we will bill you for the "early bird" (or similar) conference fee after the conference.

F. Regional and Additional Training. We may, in our discretion, provide certain regional training programs at a location we designate. This program may be a live or virtual event. Should we provide a regional training program in your area, you (or your Principal Owner and Principal Operator), and any manager for your Nail Studio (if we require it) must attend the regional training

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program. You must pay our then-current charges for attending the regional training program, along with all travel and living expenses that you and your employees incur. We may make available additional training that we deem advisable to familiarize you and your management team on changes and updates in the System, and/or on System fundamentals refresher training, and charge our then-current registration fees for attendance at this training. You will be responsible for paying for all travel and living expenses that you and your employees incur.

If we determine, in our sole discretion, that you are in need of additional supervision or supplemental training, we may require that you receive such training from us, in which case you agree that you shall pay our then-current per diem charges and out-of-pocket training expenses, which shall be as set forth in the Manual or otherwise in writing. If you request that we provide additional supervision or supplemental training (and we agree in our sole discretion to provide such training), then you further agree that you shall pay our then-current per diem charges and out-of-pocket training expenses, set forth in the Manual or otherwise in writing.

G. List of Suppliers. We will, in the Manual (or otherwise in writing as determined by us), provide you with a list of suppliers designated and/or approved by us to supply products, equipment, signage, materials and services to franchisees in the System**.**

H. Manual. We will loan you one copy of the manual in which we describe the System operational policies, standards, requirements, and practices (the "**Manual**"). The Manual may be loaned to you by providing you access to an electronic version of the Manual. The Manual contains mandatory and suggested specifications, standards and operating procedures for Nail Studios. You must operate your Nail Studio in compliance with all mandatory provision of the Manual at all times. We have the right to revise the Manual at any time or add additional manuals. You will incorporate all revisions into the Manual, and at all times the Manual (including any additional manuals) will remain on the premises of your Nail Studio. You will not make copies of any portion of the Manual without our prior written consent. You will operate your studio in conformance with all mandatory provisions of the manual(s). You acknowledge that the manual(s) are designed to protect our standards and systems and our Marks, and not to control the day-to-day operation of your Nail Studio.

I. Mystery Shopping; Inspections. We may, as we deem advisable, inspect or arrange a mystery shopping service, to periodically inspect or shop your Nail Studio during the term of this Agreement. We will provide those results to you so that you can make any changes necessary to improve the service experience for your customers.

J. Other Ongoing Assistance. During the operation of your Nail Studio, we will make available to you from time to time all changes, improvements, and additions to the System and all supplements and modifications to the Manual, and will make a representative available to speak with you on the telephone, or, at our option, through electronic means, during regular business hours, to discuss your operational issues and support needs.

K. Nature of Assistance and Training. You acknowledge and agree that any duty or obligation imposed on us by this Agreement may be performed by any distributor, designee, employee, or agent of us, as we may direct. You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge, and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this Agreement. If you believe we have failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of your Nail Studio, you must notify us in writing within thirty (30) days following the opening of your Nail Studio or you

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will be deemed to have conclusively acknowledged that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment, and complied with all representations made to you.

9. APPEARANCE AND OPERATION OF YOUR NAIL STUDIO

The Marks and System licensed to you represent valuable goodwill distinctive of our business and reputation. We will promulgate, from time to time, standards of quality and service about the business operations of FRENCHIES studios so as to protect the distinction and goodwill represented and symbolized by the Marks and System. You must abide by those standards and the provisions set forth below unless we authorize otherwise in writing, but you remain responsible for the day-to-day operations and appearance of your Nail Studio at all times.

A. Construction. Your Nail Studio must be developed in accordance with applicable laws, regulations, codes, and other governing requirements, as well as the mandatory specifications (the "**Mandatory Specifications**") that we provide to you. You may not begin construction of your Nail Studio until you have received our written consent to your actual design for your Nail Studio. You will be required to supply us with accurate site information for your proposed location. This information will include, but not be limited to, as-built drawings, surveys, technical data, construction documents, and site plans.

i. Promptly after you have obtained possession of the site for your Nail Studio, you will: (i) retain the services of a licensed and qualified architect or design professional(s) to create a complete set of detailed construction documents in strict accordance with our Mandatory Specifications and to complete construction of your facility in accordance with the Mandatory Specifications; (ii) retain the services of a general contractor; (iii) have prepared and submitted for our approval a site survey and basic architectural plans and specifications consistent with our Mandatory Specifications; (iv) purchase or lease, and then, in the construction of your Nail Studio, use only the building materials, equipment, fixtures, furniture, and signs we have approved; (v) complete the construction or remodeling using equipment, fixtures, furniture, and signage in full and strict compliance with the plans and specifications we approve, and with all applicable ordinances, building codes, and permit requirements without any alterations; (vi) obtain all customary contractors' sworn statements and partial and final waivers; and (vii) obtain all necessary permits, licenses, and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment, and premises, including, but not limited to, the Americans With Disabilities Act. If this Agreement represents the first FRENCHIES studio you will build, or if under any previous franchise agreement you or any of your affiliates had with us, you or any of your affiliates did not meet your obligations regarding the build-out of the previous FRENCHIES studio(s), we reserve the right to require you to retain the services of an architect or design company we select to assist you in submitting, processing, monitoring, and obtaining in a timely manner all necessary construction documents, licenses, and permits, and to assist you through construction, and you will be responsible for payment for their services.

ii. If your Nail Studio is not constructed strictly according to the plans we have approved and our Mandatory Specifications, we may not approve you to open for business. If we do not approve your opening, you will have thirty (30) days from the date we deny your requested approval for opening to correct all the construction problems so that your Nail Studio is strictly constructed according to our approved plans. If you fail to correct the problems within this thirty (30) day period, we may immediately terminate this Agreement. If your Nail Studio

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opening is delayed for these or any other reasons, you will be responsible for any losses or costs relating to the delay.

iii. You will make no changes to any building plan, design, layout, or decor, or any equipment or signage in your Nail Studio without our prior written consent, and these changes may not be contrary to the Mandatory Specifications.

B. Signs. You will prominently display, at your expense, both on the interior and exterior of your Nail Studio premises, signs in form, color, number, location, and size, and containing Marks as we designate and a sign in a conspicuous location that your Nail Studio is "independently owned and operated." We also may require you to use illuminated signs. You will obtain all permits and licenses required for the signs and will also be responsible for ensuring that all signs comply with all laws and ordinances. You will not display in or upon your Nail Studio premises any sign or advertising of any kind to which we object.

C. Services. You will conform to all quality and customer service standards prescribed by us in writing, provided that the standards are not specifically set for you, but are set for our entire system, or a specific region or market in which other FRENCHIES studios are operating. You will sell or offer to sell only those products and services as approved by us. Such items shall be subject to change from time to time as we may determine solely in our discretion. You must obtain our written approval for any contemplated changes, including all additions to and/or deletions of products and services sold in the Nail Studio. Moreover, we may, in the exercise of our reasonable business judgment and to the extent permitted by applicable law, establish specific prices for product and service offerings, or a range of acceptable prices, or minimum advertised pricing that, in any case, shall be adhered to by you and all other similarly situated FRENCHIES studios.

D. Maintenance of Premises. You will paint and keep the interior and exterior of your Nail Studio premises in an attractive, clean, and sanitary condition. All equipment will be kept in good working order and will meet our quality standards.

E. Technology.

i. **Computer Systems and Required Software**. The following terms and conditions shall apply with respect to the Computer System and Required Software:

a. We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, cloud-based systems, website portals, and hardware be used by, between, or among FRENCHIES studios, including without limitation: (a) back office and point of sale system, data, audio, video, and voice storage, retrieval, and transmission systems for use at FRENCHIES studios, between or among FRENCHIES studios, and between and among the Nail Studio and us and/or you; (b) point of sale system; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the "**Computer System**").

b. We have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs, cloud-based system software, website portal programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), which you shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall

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install; (c) the tangible media upon which such you shall record data; and (d) the database file structure of your Computer System.

c. You shall record all sales on a cloud-based point of sale and payments studio management processing software and system designated and approved by us in the Manual or otherwise in writing, which shall be deemed part of your Computer System.

d. You shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as we may request in writing (collectively, "**Computer Upgrades**").

e. You must comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us. In no way limiting the foregoing, we shall provide you with access to any web based video feed of the Nail Studio.

f. You will comply with specifications issued by us with respect to video camera installation and operation in the Nail Studio, including granting us access to any video camera feed in any manner we may so require.

ii. **Data**. We may, from time-to-time, specify in the Manual or otherwise in writing the information that you shall collect and maintain on the Computer System installed at the Nail Studio, and you will provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to the Nail Studio, and all data created or collected by you in connection with the System, or in connection with your operation of the business (including without limitation data pertaining to or otherwise concerning the Nail Studio customers) or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the business franchised under this Agreement.

iii. **Privacy**. You must abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("**Privacy**"), and will comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you will: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in its determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

iv. **Telecommunications**. You will comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Intranet (as defined below), if any, and/or such other computer systems as we may reasonably require.

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v. **Intranet**. We may establish a website providing private and secure communications between us, you, franchisees, licensees and other persons and entities as determined by us, in its sole discretion (an "**Intranet**"). You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Nail Studio. The Intranet may include, without limitation, the Manual, training or other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You will purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

vi. **Changes to Technology**. You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you will abide by those reasonable new standards established by us as if this Section 9.E was periodically revised by us for that purpose.

vii. **Technology Fee**. Beginning at the time you sign your lease for your Nail Studio, you will be required to pay to us (or our designee) our then-current Technology Fee for the license and ongoing support for our designated studio management software, for email hosting, for access to our online franchisee information and learning management system, and for such other technology as we may designate or license for your use in the Nail Studio. You will also be required to pay our then-current one-time set-up Technology Fee at the time you sign your lease. This Technology Fee may change from time to time. If we do not directly provide these services, you will be required to sign a separate agreement with our designated provider of these services (which may be an affiliate of ours).

F. Payment of Amounts You Owe Us or Our Affiliates. You agree that your obligation to pay all amounts owing to us and to our affiliates is independent of any other obligation either of us have in this Agreement, and that all amounts owing to us and to our affiliates, and to your other suppliers, lessors, and creditors, must be timely paid. You agree to sign and deliver to us, our bank(s), and your bank, as necessary, all forms and documents that we request to permit us to debit your account, either by check, via electronic funds transfer, or other means or methods as we may designate ("**Payment Methods**") for all fees and payments due to us and to our affiliates. You will notify us at least twenty (20) days before closing or changing the account against which these debits are to be made. If the account is closed or ceases to be used, you will immediately provide all documents and information necessary to permit us to debit the amounts due from an alternative account. You acknowledge that these requirements are only a method to facilitate prompt and timely payment of amounts due and will not affect any obligation or liability for amounts owed.

i. If any check that you submit to us is returned for insufficient funds, or if we are unable to collect funds via the Payment Methods due to insufficient funds, you will pay us an Insufficient Funds Fee of $100 for each returned check and each time we were unable to collect monies via the Payment Methods.

ii. You grant us a first priority security interest in your receivables and equipment, whether now existing or hereinafter created, together with all

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proceeds of the assets. You authorize us to file one or more financing statements to evidence this security interest. However, we will subordinate our first priority interest to a lending institution that provides you financing for your Nail Studio.

G. Customer Transfers. You must participate in any customer transfer policy established by us in the Manual or otherwise in writing in the event a customer transfers from one FRENCHIES studio to another, which shall include the provision of paid-for services and the facilitation of payment transfers in connection therewith. In no way limiting the foregoing, you shall fully honor all customer purchases of services regardless of which FRENCHIES studio originally accepted payment.

H. Compliance with Our Standards. You will operate your Nail Studio through strict adherence to any mandatory standards, specifications, and policies of the System, including without limitation all mandatory provisions of the Manual, as they exist from time to time, in order to ensure compliance with the quality standards of the System. However, you will at all times be responsible for the conduct of the day-to-day operation of your Nail Studio and for the terms of employment for your employees.

i. You acknowledge that the mandatory standards, specifications, and policies we establish are not aimed at the day-to-day operation of your studio, which will solely be within your control, but are merely intended to preserve the goodwill of the System and Marks.

ii. Periodically, as we deem appropriate, a representative of ours may visit your Nail Studio to ensure compliance with our required standards, specifications, and procedures. You will allow our representative to inspect the condition and operation of your Nail Studio and all areas of your Nail Studio at any time during your business hours. These inspections may include, without limitation, conducting any type of audit or review necessary to evaluate your compliance with all required payments, standards, specifications, or procedures. We may also designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program with respect to our or affiliate-owned and/or franchised FRENCHIES studios. You agree that the Nail Studio will participate in such mystery shopper program, as prescribed and required by us, provided that corporate-owned, affiliate-owned, and franchised FRENCHIES studios also participate in such program to the extent we have the right to require such participation.

a. We will have the right to require you to pay the then-current charges imposed by such us to reimburse our costs or the then-current charges of any inspection or evaluation service with respect to inspections of the Nail Studio, and you agree that you shall promptly pay such charges.

b. We will provide you a copy of the report at your request. If your Nail Studio does not receive a passing score from a visit, we may conduct new inspections until you have received a passing score.

c. We may, from time to time, make suggestions and give mandatory instructions about your operation of your Nail Studio, as we consider necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the System's goodwill and image.

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d. You expressly agree that these visits will not imply that you are in compliance with your obligations under this Agreement or under the law or that we waive our right to require strict compliance with the terms of this Agreement or the Manual. Furthermore, these visits will not create any responsibility or liability in our part.

e. If you request that we make additional visits to your Nail Studio, you will pay the fees we establish for those visits.

iii. You must participate in all customer surveys and satisfaction audits, which may require that you provide discounted or complimentary products or services, provided that such discounted or complimentary sales shall not be included in the Gross Revenues of the Nail Studio. Additionally, you must participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

iv. If you fail to maintain the premises of your Nail Studio in a condition that satisfies our reasonable requirements, or if you otherwise fail to comply with any provision of this Agreement, we may, upon not less than three (3) days' notice to you, order or accomplish the cleaning of the premises or designate one of our representatives to assist you in fulfilling your obligations under this Agreement. You will be responsible to pay us for all costs we incur in doing so and all fees we set for providing assistance to you. Our action in exercising this option

does not relieve you from your obligation to properly maintain the premises of your Nail Studio and to comply with the terms of this Agreement, each of which will be your sole responsibility.

I. Compliance with Laws. You will, at your expense, comply with all applicable local, state, federal, and municipal laws, ordinances, rules, and regulations pertaining to the operation of your Nail Studio, including, without limitation, any and all licensing and bonding requirements, health and safety regulations, and the Americans with Disabilities Act. You will, at your expense, consult an attorney to obtain advice about compliance with all federal and state licensing laws and all other laws relating to the operation of your Nail Studio. Further, you will, at your expense, be exclusively responsible for determining the licenses and permits required by law for your Nail Studio, for filing, obtaining, and qualifying for all licenses and permits, and for maintaining all necessary licenses and permits throughout the term of this Agreement.

J. Payment of Liabilities. You will timely pay all of your obligations and liabilities, including, without limitation, those due and payable to us and our affiliates and to your suppliers, lessors, and creditors.

K. Taxes. You will promptly pay all federal, state, and local taxes arising out of the operation of your Nail Studio. We will not be liable for these or any other taxes and you will indemnify us for any taxes that may be assessed or levied against us that arise or result from your Nail Studio, including any taxes imposed by your state on any royalties or other amounts you are required to pay to us and our affiliates.

L. Personnel. You are responsible for hiring personnel sufficient to operate your Nail Studio. You must, at your cost, conduct criminal background checks on each employee (unless prohibited by law) before they begin providing any services in your Nail Studio. In addition:

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i. The people you retain to work in your Nail Studio will be your agents and employees. They are not our agents or employees and we are not a joint employer of these people. It will be up to you to determine who to retain, how many people to retain (subject to any minimum staffing requirements we may prescribe), how you compensate these people, terms of employment and working conditions for your employees, when and how to discipline the people you hire, and when and how to terminate the people you hire. You are required at all times to comply with all applicable employment laws. We will not have any duty or obligation to operate your Nail Studio, to direct your employees, or to oversee your employment policies, procedures, or practices. The fact we offer training to your employees from time to time does not relieve you from the primary responsibility to assure your employees are trained properly.

ii. You will designate an individual to serve as the Principal Operator of your Nail Studio. The Principal Operator will devote his or her best efforts to the supervision and conduct of the development and operation of your Nail Studio. The Principal Operator, Principal Owner (if other than the Principal Operator), must complete our initial training requirements and all additional training as we may reasonably designate.

iii. You will be solely responsible for all wages, travel, and living expenses, and all other costs incurred by you and your employees in connection with any training or instruction that we provide.

iv. You will obtain from each person you hire as a Principal Operator or as a Studio Manager of your Nail Studio (and all other persons performing similar functions, regardless of their title), a Confidentiality Agreement, enforceable by you and us, and in a form we approve, in which they agree, among other things, to maintain in confidence all confidential information and trade secrets we provide to them, not to use any of the Marks except in the performance of their duties in the Nail Studio, and to refrain, for the maximum period of time as allowed by

local law after they leave your employment, from providing nail care within five (5) miles of your Nail Studio.

M. Photographs. We will have the right to photograph and make video or digital recordings of your Nail Studio premises and your employees at all reasonable times. We will have the right to use all photographs and videos or digital recordings of your Nail Studio for purposes we deem appropriate, including, but not limited to, use in training, advertising, marketing, and promotional materials, and as evidence in any court or arbitration proceeding. To the extent the consent of any of your employees or others is required for our use of these photographs and recordings for commercial purposes, you will use your best efforts to obtain these consents. Neither you nor your employees will be entitled to any right to be compensated by us, our advertising agencies, or other FRENCHIES franchisees for any use of the photographs or recordings.

N. Ownership of Information. All of the information we or our affiliates obtain from you or about your Nail Studio, and all information in your records or ours about the customers of your Nail Studio (the "**Information**") and all revenues we derive from the Information will be our property. However, you may at any time during the term of this Agreement use in the operation of your Nail Studio (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Nail Studio, including customer data. The Information (except for information you provide to us or our affiliates about to you and your affiliates, including your respective officers, directors, managers,

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shareholders, partners, or equity members of your entity) will become our property, which we may use for any reason we deem necessary or appropriate in our discretion. You hereby authorize your payment processor to release the information to us at any time. After termination or expiration of this Agreement, you will no longer use any of the Information, except to comply with your post-term obligations under this Agreement, and you authorize your payment processor to release the Information exclusively to us and our designees.

O. Manual. You will operate your Nail Studio in strict accordance with all mandatory provisions of the Manual to which we will provide you access. You will treat the Manual as confidential, and will use all reasonable efforts to maintain the Manual as secret and confidential. You will use the Manual only in the operation of your Nail Studio. The Manual will remain our sole property. We may from time to time revise the contents of the Manual. You agree to comply with each new or changed standard. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us will control.

P. Notices of Default: Lawsuits or Other Claims. You will immediately notify us of—and deliver to us a copy of—any notice about a breach, default, claim, lawsuit, administrative or agency proceedings or investigations, or other actions or proceedings relating to your Nail Studio. Upon request from us, you will provide additional information as may be required by us about the same.

Q. Your Dealings with Us and Our Affiliates. You acknowledge that when we are required to perform any services for you, we may use any third parties, including affiliates of ours, to perform those services. If you are required to pay us a fee for those services, we may have you pay that fee directly to the affiliate or third party that performs the service. However, if you are not required to pay us a fee for the service, you will not be obligated to pay any parties we contract with for services that we are required to provide to you without charge under this Agreement. We (and our affiliates) may also receive rebates or compensation from other parties in connection with the provision of such services.

R. Purchases. You will purchase only the types, models, or brands of fixtures, furniture, equipment, inventory, supplies, and other items that we approve for FRENCHIES studios as meeting our standards for quality, design, warranties, appearance, function, and performance. Although we do not do so for every item, we have the right to approve the manufacturer of any item used in the operation of your Nail Studio. You will not install or maintain at your Nail Studio any newspaper racks, video games, jukeboxes, gaming machines, gum machines, vending machines, video, or similar devices without our, and any necessary governmental, prior written approval. We may require you, in our sole discretion, to purchase certain fixtures, furniture, equipment, inventory, supplies, services, and other items used or offered at your Nail Studio from suppliers who have been approved by us, in which case we will provide you with a list of approved suppliers.

i. Notwithstanding anything to the contrary in this Agreement, you will purchase all of your requirements of products bearing the Marks or products unique to the System and/or us ("**Proprietary Products**") from us or our designee(s) (through such distributor or distributors as we may designate). We will have the right to introduce additional, substitute new, or discontinue Proprietary Products from time to time

ii. You acknowledge and agree that certain products, supplies, or other services you may be required to purchase for use in the operation of your Nail Studio may only be available

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exclusively from us or our affiliates, or from other mandatory suppliers or vendors that we approve, in our sole discretion.

iii. You must purchase all of the nail care supplies and equipment you use in your Nail Studio, and all retail products you sell in your Nail Studio, from us or from our designated suppliers. Payment will be due on all purchases before shipment.

iv. If you desire to purchase any products (except for Proprietary Products) or other items, equipment, supplies, services from suppliers other than those previously designated or approved by us, you must first submit to us a written request for authorization to purchase such items. You shall not purchase from any supplier until, and unless, such supplier has been approved in writing by us. We may deny such approval for any reason, including our determination to limit the number of approved suppliers. You must submit to us such information and samples as we may reasonably require, and we shall have the right to require periodically that our representatives be permitted to inspect such items and/or supplier's facilities, and that samples from the proposed supplier, or of the proposed items, be delivered for evaluation and testing either to us or to an independent testing facility designated by us. Permission for such inspections shall be a condition of the initial and continued approval of such supplier. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by us. We may also require that the supplier comply with such other requirements as we may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees. Nothing in the foregoing shall be construed to require us to approve any particular supplier, nor to require us to make available to prospective suppliers, standards for approval and/or specifications for formulas, which we shall have the right to deem confidential.

v. THOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO FIXTURES, FURNITURE, EQUIPMENT (INCLUDING WITHOUT LIMITATION ANY AND ALL REQUIRED COMPUTER SYSTEMS), SUPPLIES, INVENTORY, OR OTHER APPROVED ITEMS SUPPLIED BY THIRD PARTIES.

S. Taxes on Fees. If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you are required to pay an additional amount equal to the amount of this tax. (For purpose of clarification, this does not apply to any federal or Colorado income taxes that we or our affiliates are required to pay.)

T. National and Regional Accounts. We, or others acting on our behalf, may from time to time solicit companies or organizations to offer fixed pricing packages to their employees. You will have the right to participate in, and receive the benefits of, all programs we establish with companies or organizations that have employees in your market. You will have the right each calendar year, by October 31, to "opt out" of participating in these programs for the next year. If you do not opt out by the means we specify, then you must honor the pricing that we quote for any employees of these companies or organizations who seek to use the services of your Nail Studio. Once you opt out, you will not participate in any new programs (unless and until you opt in again), but you must continue to comply with the program requirements for any programs that were in effect before the start of the year for which you exercised your right to opt out of the programs.

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U. Five-Year Refurbishment and Renovations. At our request, but not more often than once every five (5) years, unless sooner required by your lease, you shall materially refurbish the Premises, at your expense, to conform to our design, trade dress, color schemes, and presentation of the Marks in a manner consistent with the then-current image for new FRENCHIES studios. Such refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and shall be completed pursuant to such standards, specifications and deadlines as we may specify. This provision shall not limit the requirement that you maintain all fixtures, furnishings, equipment, décor, and signs as we may prescribe from time to time in the Manual(s) or otherwise in writing. You will make such changes, upgrades and replacements as we may periodically require, in the timeframes specified by us.

V. Compliance with Lease. You must comply with all terms of your lease or sublease, your financing agreements (if any), and all other agreements affecting the operation of the Nail Studio; shall undertake best efforts to maintain a good and positive working relationship with your landlord and/or lessor; and shall not engage in any activity which may jeopardize your right to remain in possession of, or to renew the lease or sublease for, the Premises.

W. Non-Disparagement. You will not communicate or publish, directly or indirectly, any disparaging comments or information about us during the term of this Agreement or thereafter. This provision shall include, but not be limited to, communication or distribution of information through the Internet via any social or other electronic media.

X. Entities.

i. **List of Principals**. If you are a corporation, limited liability company, or partnership, each owner of you, and the ownership interest of each owner in you, shall be identified in the Rider hereto. You must maintain a list of all owners and immediately furnish us with an update to the information contained in the Rider upon any change, which shall be made only in compliance with Section 13. The Principal Owner shall at all times have at least a ten percent (10%) interest in you.

ii. **Personal Guaranty**. Each owner shall execute a personal guaranty of your covenants and obligations under this Agreement in the form attached hereto as Exhibit A.

iii. **Corporations and Limited Liability Companies**. If you or any successor to or assignee of you is a corporation or a limited liability company, you shall comply with the following requirements:

a. You shall be newly organized and your governing documents shall at all times provide that its activities are confined exclusively to operating the Nail Studio.

b. You shall, upon our request, promptly furnish to us copies of your articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

c. You shall maintain stop-transfer instructions on its records against the transfer of any equity securities of you; and each stock certificate or issued securities of you shall conspicuously include upon its face a statement, in a form satisfactory to us, which

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references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this section shall not apply to a publicly held corporation.

iv. **Partnerships and Limited Liability Partnerships**. If you or any successor to or assignee of you is a partnership or limited liability partnership, you shall comply with the following requirements:

a. You shall be newly organized and your partnership agreement shall at all times provide that your activities are confined exclusively to operating the Nail Studio.

b. You shall furnish us with a copy of its partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto.

c. The partners of the partnership shall not, without our prior written consent, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

10. CONFIDENTIAL INFORMATION AND IMPROVEMENTS

A. You acknowledge that all the information you have now or obtain in the future about the System and the concepts and methods of promotion franchised under this Agreement is derived from us under this Agreement, and that you will treat the information in confidence. You agree never to, directly or indirectly, engage in or abet the misappropriation (as the term "misappropriation" is defined in the Colorado Uniform Trade Secrets Act, C.R.S. § 7-74-101 *et seq.*), or the disclosure, divulgence, or distribution of all or any part of the System and the concepts and methods of promoting franchises under this Agreement. You will disclose the confidential information only to those of your employees as must have access to it in order to operate your Nail Studio and use it only for the operation of your Nail Studio. At our request, you will be required to deliver to us confidentiality agreements and non-compete agreements in a form satisfactory to us from your owners, the spouses of your owners, and your employees. The scope of the confidentiality agreements will be consistent with the provisions of this Section, and the scope of the non-compete agreements will be consistent with the provisions of **Section 17** of this Agreement.

B. Notwithstanding any provision of **Section 10.A**, at your discretion, you may allow any financial institution that has loaned money to you or to your business to have access to your books and records to confirm your billings, collections, receivables, and any other financial information you have provided to the financial institution.

C. If you conceive or develop any improvements or additions to the System, new trade names, trade and service marks, or other commercial symbols related to your Nail Studio, or any advertising and promotion ideas related to your Nail Studio ("**Improvements**"), you will fully disclose the Improvements to us without disclosure of the Improvements to others, and you will obtain our written approval before using the Improvements. Any Improvement that we approve may be used by us and all our other franchisees without any obligation to pay you royalties or similar fees. You will assign Improvements to us, and hereby do assign, without charge, any rights, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvement. We, at our discretion, may make application for and own copyrights, trade names, trademarks, and service marks relating to any Improvement. We also may consider the Improvement as our property and trade secret. We will, however, authorize you to use any Improvement authorized generally for use by our other franchisees.

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11. INSURANCE; INDEMNIFICATION

A. Insurance. You alone will be responsible for any claim, action, loss, damage, liability, injury, or death arising out of, or relating to, the operation of your Nail Studio or arising out of, or relating to, your acts or omissions or the acts or omissions of any of your agents, employees, or contractors in connection with the operation of your Nail Studio. You agree to indemnify and hold us and our affiliates and our respective officers, directors, shareholders, members, managers, employees, agents, successors, and assignees harmless against and from any and all claims, actions, losses, liability, damages, injuries, or deaths, including costs and reasonable attorneys' fees. You will obtain and maintain in force and pay the premiums for general liability insurance with complete operations coverage, broad form contractual liability coverage, property damage, and other insurance (including bonds) in types as we may require or as required by law from time to time. All policies will have minimum limits we may prescribe from time to time, and will be with carriers who have minimum ratings that we may prescribe from time to time. The insurance policies will expressly protect both you and us and will require the insurer to defend both you and us in any action you will submit to us, within thirty (30) days of our request, any and all loss ratios or other information we request in connection with such insurance policies. You will furnish to us a certificate of insurance as set forth above, naming us as an additional insured, and providing that the policy will not be canceled, amended, or modified except upon thirty (30) days' prior written notice to us. At our request, you will deliver to us original certificates of insurance and evidence of policy renewals at least thirty (30) business days before expiration. You will have all policies of insurance provide that the insurance company will have no right of subrogation against either party to this Agreement or their respective agents or employees. Maintenance of the insurance requirement will not relieve you of the obligations of indemnification. If you fail to obtain or maintain in force any insurance as required by this Section or to furnish any certificate of insurance required under this Agreement, we may (but have no obligation to), in addition to all other available remedies, obtain the insurance or certificates, and you will promptly reimburse us for all insurance premiums and other costs incurred in obtaining the insurance, including an administrative fee for our time in obtaining the coverage for you. You assume all risks in connection with the adequacy of any insurance or self-insurance program and waive any claim against us for any liability costs or expenses arising out of any uninsured claim, in full or in part, of any nature whatsoever.

B. Independent Contractor Relationship. You are an independent contractor responsible for full control over the internal management and daily operation of your Nail Studio, and neither party to this Agreement is the agent, principal, partner, employee, employer, or joint venture partner of the other party. You may not act or represent itself, directly or by implication, as our agent, partner, employee, or joint venture partner, and you may not incur any obligation on our behalf or in our name. All stationery, business cards, and contractual agreements entered into by you will contain your corporate or fictitious name and a conspicuously displayed notice in the place we designate, that you operate your Nail Studio as an independently owned and operated franchised business and that you independently own and operate the Nail Studio as a System franchisee. Nothing in this Agreement authorizes you to make any contract, agreement warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and we will in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor will we be liable by reason of any of your acts or omissions in the operation of your Nail Studio or for any claim or judgment arising therefrom against you or us.

C. Your Indemnification. You assume sole and complete responsibility for and will defend at your own cost and indemnify, reimburse, and hold harmless us, our affiliates, and our

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respective officers, directors, shareholders, members, managers, employees, agents, successors, and assignees from and against all loss, costs, expenses, obligations, and damages and liabilities (including defense costs) ("**Claims**"), including any and all taxes, arising directly or indirectly out of the development or operation of your Nail Studio, including, without limitation, claims relating to: (a) the operation of your Nail Studio, including the use, condition, construction and build-out, equipping, decorating, maintenance, or operation of the Nail Studio premises, the sale of any products and services, and your advertising; (b) the use of the Marks and other proprietary material; (c) this Agreement or any Franchise Agreement and/or any Area Development Agreement, or the operation of your Nail Studio(s) in any manner inconsistent with those agreements or any other agreement you sign with us; (d) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your principals of any patent, mark, or copyright or other proprietary right owned or controlled by third parties; or (e) libel, slander, or any other form of defamation of us, the System, or any franchisee or developer operating under the System, by you or by any of your principals. You will have the right to defend any claim against you. "Claims" will mean and include all obligations, actual, consequential, punitive, and other damages, and costs reasonably incurred in the defense of any action, including 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 or not such claims exceed the amount of insurance coverage available through you to us. We, using our own counsel, by notice to you, may control any matter in which we are named or directly affected, but this will not affect your liability to pay reasonable attorneys' fees we incur in defending ourselves, which obligation is part of your indemnification obligation. The indemnities and assumptions of liabilities and obligations set forth in this Agreement will continue in full force and effect subsequent to the expiration or termination of this Agreement.

12. FINANCIAL STATEMENTS AND AUDIT RIGHTS

A. Financial Information, Reports, Inspections, and Audits. Following the opening of your Nail Studio, by Monday of each week, you will provide us with weekly sales information from the Nail Studio. In addition, within thirty (30) days following your fiscal year end, you will provide us with copies of your financial statements (reviewed by your accountant), including an income statement for the fiscal year just ended and a balance sheet, cash flow statement, and any other document accompanying your financial statements, as of the end of the fiscal year, which financial statements will have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. We will also have the right to request other financial statements, reports, and information from you during the year, and you will deliver those financial statements, reports, and information to us when, and in the form and manner, we require.

B. Review Rights. You will make all of your financial books and records available to us and our designated representatives at all reasonable times for review. Your financial books and records for each fiscal and calendar year will be kept in a secure place and will be available for review by us for at least five (5) years after the end thereof.

C. Audit. We will have the right to audit or cause to be audited any financial information you provide to us, and your books, records, and sales and income tax returns. If any audit discloses an understatement of the Gross Revenues of your Nail Studio for any period or periods, you will, within five (5) days of receiving the audit report, pay to us all Weekly Royalty Fees and General Advertising and Marketing Fund Contributions due on the previously unreported Gross Revenues, plus late payment charges. In addition, if an understatement for any period equals two percent (2%) or more of the Gross Revenues of your Nail Studio for the period, you must reimburse us for the cost of the audit,

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including, without limitation, the charges of the person auditing your records, and their travel and living expenses.

13. ASSIGNMENT OF FRANCHISE AGREEMENT

A. By Us. We may transfer or assign this Agreement or any or all of the rights, interests, benefits, or obligations arising under it without restriction. Upon any transfer or assignment of this Agreement by us, we will be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of the transfer or assignment.

B. Conditions to Your Transfer or Assignment. This Agreement, and your rights and obligations under it, are and will remain personal to you. As used in this Agreement, the term "**Transfer**" will mean any sale, lease, assignment, gift, pledge, mortgage, or any other encumbrance, transfer by bankruptcy, transfer by your disability or death, or by judicial order, merger, consolidation, share exchange, transfer by operation of law, or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets used to operate your Nail Studio, or of any interest in you, or if you are a corporation, partnership, limited liability company, or other entity, a transfer, pledge, assignment, or other disposition of direct or indirect control or ownership of fifty percent (50%) or more of any interest in your entity. In addition, if there are two (2) individuals signing this Agreement as Franchisee, and one (1) of those individuals is no longer involved in the ownership of your Nail Studio, the withdrawal of that person will be considered a Transfer. A Transfer will also be deemed to occur when there are more than two (2) people listed as the Franchisee and there is a change in the ownership of your Nail Studio such that less than a majority of the original signatories continue to have a majority interest in the equity of the business. You (and your shareholders, partners, and members) will not directly or indirectly make a Transfer without our prior written consent and any transfer will be subject to our right of first refusal, as set forth in **Section 19** below. Unless otherwise provided in this Agreement, we will not unreasonably withhold, delay, or condition our consent to a Transfer, subject to all of the following conditions being satisfied:

i. You are in full compliance with this Agreement, you have no uncured defaults, and all your debts and financial obligations to us and our affiliates are current;

ii. You provide us with all information we may require about the proposed transaction (including a copy of the purchase agreement and all related documents), and the proposed transferee;

iii. We are satisfied that the proposed transferee (and if the proposed transferee is an entity, all holders of any interest in that entity) meets all of the requirements for our new franchisees, including, but not limited to, good reputation and character, business experience, and financial strength, credit rating and liquidity, and that the sale price is not excessive;

iv. You sign a written agreement in a form satisfactory to us in which you and your investors covenant to observe all applicable post-term obligations and covenants contained in this Agreement;

v. The proposed transferee enters into a new franchise agreement with us, on the terms we then generally offer to new franchisees (including fees payable and size of territory); provided, however, that no new initial franchise fee will be required to be paid, and further provided that

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the term of that franchise agreement, unless otherwise agreed, will be the remaining term of your franchise agreement;

vi. The proposed transferee agrees in writing to perform maintenance, remodeling, and reequipping of your Nail Studio that we determine necessary to bring your Nail Studio in compliance with our then-current standards;

vii. Before the date of the proposed Transfer, the proposed transferee's Principal Operator successfully completes training and instruction we deem necessary;

viii. You and all holders of an interest in you sign a general release, in substantially the form of **Exhibit B** to this Agreement, releasing, to the fullest extent permitted by law, all claims that you or any of your investors may have against us and our affiliates, including our and their respective shareholders, members, managers, officers, directors, and employees, in both their individual and corporate capacities or any further obligations we may have to you; and

ix. Before the Transfer, you pay us a transfer fee. If the Transfer occurs before your Nail Studio has opened for business, the transfer fee will be Ten Thousand Dollars ($10,000). If the Transfer occurs after your Nail Studio is open, then the transfer fee will be Five Thousand Dollars ($5,000).

x. We may expand upon these conditions for transfer in the Manual.

If you are an individual and seek to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of subsections v (signing a new franchise agreement), vi (upgrading the Nail Studio), and ix (transfer fee) shall not apply, and you may undertake such transfer, provided that: (a) you own one hundred percent (100%) of the equity interest in the transferee entity; (b) all owners personally guarantee, in a written guaranty satisfactory to us, the performance of your obligations under the Franchise Agreement; (c) you execute a Transfer of Franchise form as prescribed and approved by us; (d) such transferee entity is newly organized and its business purpose is confined exclusively to operating the Nail Studio under this Agreement; and (e) all owners execute any and all other ancillary agreements as we may require.

You consent to our releasing to any proposed transferee any information about your Nail Studio that you have reported to us, or that is in our files or otherwise available to us, including (but not limited to) financial information.

If a transfer or assignment is caused by your death or incapacity (including the death or incapacity of any person directly or indirectly owning fifty percent (50%) or more of an interest in the entity that is the franchisee under this Agreement), the provisions of this Subsection must be met by the heir or personal representative succeeding to your interest; *provided, however*, if the heir or personal representative assigns, transfers, or sells its interest in the Franchise and in your Nail Studio within one hundred twenty (120) days after your death or incapacity, the transferee, and not the heir or personal representative, must comply with the provisions of this Subsection.

Nothing in this Section will be construed as prohibiting your interests from being pledged as security to an institutional lender who has provided financing to or for your Nail Studio, provided the institutional lender accepts the security interest subject to our conditions.

C. Waiver of Transfer Fee. Notwithstanding anything to the contrary in this Section 13: you will not be required to pay the transfer fee due under subsection ix above, if the transferee: (a) is a spouse, parent, or direct lineal descendant or sibling of you or of an owner of you (or more than one of such persons),

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provided that the transferee has been involved in, and is knowledgeable regarding, the operations of the Nail Studio; or (b) is a current owner of you.

D. Acknowledgement of Restrictions. You acknowledge and agree that the restrictions imposed on transfers are reasonable and necessary to protect the goodwill associated with the System and the Marks, as well as our reputation and image, and are for the protection of us, you, and all other franchisees that own and operate FRENCHIES studios.

E. No Waiver. Our consent to any transfer pursuant to this Section 13 shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be a waiver of our right of to demand exact compliance with any of the terms of this Agreement by any transferor or transferee.

F. Bankruptcy. If you or any person holding any interest (direct or indirect) in you 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 ownership of you, your obligations and/or rights hereunder and/or any material assets of your, shall be subject to all of the terms of this Section 13.

G. No Transfers in Violation of Law. Notwithstanding anything to the contrary in this Agreement, no transfer shall be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom we, or any of our affiliates, are prohibited by law from transacting business.

14. OUR TERMINATION RIGHTS

A. Automatic Termination. You will be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Nail Studio shall be sold after levy thereupon by any sheriff, marshal, or constable.

B. Without Notice. You will be in default and we may, at our option, terminate this Agreement, without affording you any opportunity to cure the default, effective upon delivery of notice of termination to you, following the occurrence of any of the following events:

i. Your Nail Studio is not constructed strictly according to the plans we have approved and you do not remedy the deficiencies within thirty (30) days after notice from us;

ii. You fail to operate for two (2) consecutive days (unless prevented from doing so by fire, flood, or acts of nature), or otherwise abandon your Nail Studio, or forfeit the right to do or transact business in the jurisdiction where your Nail Studio is located, or lose the right to possession of the premises in which your Nail Studio operates; iii. You or any of your owners make an unauthorized Transfer under this Agreement;

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iv. You or any of your owners are proven to have engaged in fraudulent conduct, or are convicted of—or plead guilty or no contest to—a felony or a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks, or the goodwill associated therewith;

v. You are given three (3) or more notices of being in material violation of any of the terms or requirements of this Agreement within any twelve (12) month period, whether or not the defaults are timely cured after notice;

vi. You misuse or make any unauthorized use of the Marks and do not cease the misuse or unauthorized use within twenty-four (24) hours' notice from us;

vii. You maintain false books or records or submit any false or misleading application, statement, or report to us, whether in applying for the franchise or during the term of this Agreement; or

viii. You, by act or omission, materially impair the value of, or the goodwill associated with, any of the Marks or the System.

C. With Notice and Failure to Cure. Except for those defaults provided for under **Section 14.B** above, you will be in default hereunder for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures, or requirements imposed by this Agreement or any other agreement you or any of your affiliates have with us or with any of our affiliates, or in any Manual, policy, or procedure statement or other written document provided by us, or to carry out the terms of this Agreement in good faith. Before we terminate this Agreement as a result of these defaults, we will provide you with thirty (30) days' written notice of your default. If the defaults specified in such notice are not cured within the thirty (30) day period (either by you or by any financial institution that has loaned money to you or to your business), we may terminate this Agreement upon the expiration of the thirty (30) day period without further notice. These defaults will include, without limitation, the occurrence of any of the following events:

i. You fail to construct, remodel, and commence operating your Nail Studio within the time provided for in this Agreement;

ii. You fail, refuse, or neglect to promptly pay when due any monies owing to us, to our affiliates, or to other creditors you have, or to submit the financial or other information required under this Agreement;

iii. A threat or danger to public health or safety results from the construction, maintenance, or operation of the Nail Studio; iv. You offer or sell non-approved products or services; or

v. You, by act or omission in connection with the operation of your Nail Studio, permit a continuing violation of any applicable law, ordinance, rule, or regulation of a governmental body; *provided, however*, that if the act or omission damages the goodwill associated with the System or the Marks, we will have the right to terminate this Agreement if you do not cure the default within twenty-four (24) hours after notice from us.

D. Standard Default Fee. In addition to our right to terminate the Franchise Agreement, if you breach your obligations under this Agreement and fail to cure the default within the applicable cure period provided above, you must pay us our then-current "Standard Default Fee" for each cure period until the default is cured in order to offset our costs incurred to address the default.

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E. Applicable Law. If the provisions of this Section are inconsistent with applicable law, the applicable law will apply.

F. Pre-termination Options. Before the termination of this Agreement, if you fail to pay any amounts owed to us or our affiliates, fail to comply with any term of this Agreement, or fail to notify us that your Nail Studio is closing, then in addition to our right to terminate this Agreement or to bring a claim for damages, we have the option to:

i. remove the listing of your Nail Studio from all advertising published or approved by us;

ii. cease listing your Nail Studio on any Frenchies Website and Electronic Media, and to discontinue any links from such sites to any site for your Nail Studio;

iii. prohibit you from attending any meetings or programs held or sponsored by us;

iv. terminate your access to any computer system or software we own, maintain, or license to you (whether licensed by us or by one of our affiliates);

v. suspend all services we or our affiliates provide to you under this Agreement or otherwise; and

vi. contact your landlords, lenders, suppliers, and customers about the status of your operations and provide copies of any default or other notices to your landlords, lenders, and suppliers.

Our actions, as outlined in this Section, may continue until you have brought your accounts current, cured any default, and complied with our requirements, and we have acknowledged the same in writing. The taking of any of the actions permitted in this Section will not suspend or release you from any obligation that would otherwise be owed to us or our affiliates under the terms of this Agreement or otherwise. Further, you acknowledge that the taking of any or all these actions on our part will not deprive you of the most essential benefits of this Agreement, and will not constitute a constructive termination of this Agreement.

15. YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will terminate, the franchise will revert to us, and you will have the obligations set forth below, which obligations survive the expiration or termination of this Agreement, along with any other provisions of this Agreement which by their nature may or are to be performed following expiration or termination of this Agreement:

A. You will immediately cease to operate the business franchised under this Agreement, and will not thereafter, directly or indirectly, represent to the public or hold yourself out as a FRENCHIES franchisee with respect to the business.

B. You will immediately and permanently cease to use, in any manner whatsoever, all confidential information, approved Computer System and Required Software, methods, procedures, and techniques used by or associated with the System, and the Marks and distinctive forms, slogans, signs, symbols, logos, and devices associated with the System, as well as any name, mark, symbol, logo, or slogan similar to any of the Marks. You will also specifically authorize us to physically remove any signage bearing any of the Marks that you may fail to remove. Further, if we elect to remove the signage, you will, upon demand, reimburse us for any costs we incur in doing so.

C. You will immediately return to us the Manual, all copies or excerpts thereof, and any property held or used by you that is owned by us and will cease to use, and either destroy or convey to

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us, all signs, advertising materials, displays, stationery, forms, and any other materials that bear or display the Marks.

D. You will take such actions as may be necessary to cancel any Electronic Media (subject to **Section 16.H** below), and any assumed name, domain name, account, profile, username, e-mail address, or similar registration that contains the Mark "FRENCHIES" or any other Mark, and will immediately and permanently refrain from and cease all use of the Mark "FRENCHIES" or any other Mark on or in any domain name, username, account name, Website, web page, social media, or social networking site of any kind. You agree and acknowledge that your continued use of the Marks after the expiration or termination of this Agreement will be without our consent and will constitute an "exceptional case" under federal trademark law (15 U.S.C. § 1117) entitling us to recover treble damages, costs, and reasonable attorneys' fees.

E. You will immediately vacate the Nail Studio premises if we exercise our rights under the Collateral Assignment of Lease attached as **Exhibit C**.

F. You will, within ten (10) days after termination or expiration of this Agreement, make modifications and alterations to your Nail Studio premises as may be necessary to distinguish the appearance of the premises from all attributes of the System and will make specific additional changes thereto as we may request. You agree that, at a minimum, these modifications will include: (i) removal of all signage; (ii) alteration of the color scheme and decor; and (iii) discontinuation of the use of any item containing any of the Marks.

G. Within five (5) days after termination, you will pay to us all amounts owed to us under this Agreement. In addition, upon termination of this Agreement by reason of your default, you will pay to us the lesser of (i) the sum of Weekly Royalty Fees that would have been due through the expiration of the term of this Agreement, or (ii) the sum of Weekly Royalty Fees that would have been due for a period of three (3) years from the termination date; in each case calculated by taking the average Weekly Royalty Fees you paid to us for the twelve (12) month period prior to the termination date and amortizing it for such calculation period; provided that if your Nail Studio was not open for such entire twelve (12) month period, utilizing the average Weekly Royalty Fees paid to us by nail studios within the System for any period in which your Nail Studio was not open and operating. Further, if this Agreement is terminated for any reason other than as a result of a material breach of this Agreement by us that is not cured within thirty (30) days following notice from you, these sums will include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of the default and the termination. You agree that until the obligations are paid in full, you hereby grant us a lien against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by you and located on your Nail Studio premises on the date this Agreement terminates or expires and authorize us to file financing statements and other documents we deem appropriate to perfect the lien. The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow due to, among other things, the complications of determining what costs, if any, we might have saved and how much the fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages, and not a penalty. The liquidated damages provision only covers our damages from the loss of cash flow from specific listed fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement. You agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the sections requiring payment of Weekly Royalty Fees.

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H. If requested by us, you will take all further action and execute all documents necessary to convey and assign to us all telephone and fax numbers that have been used in the operation of your Nail Studio, as well as any other registrations or listings for any Websites and Electronic Media, and other domain names and e-mail addresses that include the words "FRENCHIES" or, if we do not so request, you will cease all use of the telephone numbers, Websites, Electronic Media, and any domain names and e-mail addresses that include the words "FRENCHIES."

I. You will comply with the covenants contained in this Agreement, including, but not limited to, the covenants not to compete and the covenants not to disclose trade secrets or confidential information.

J. We may, if you fail or refuse to do so, execute in your name and on your behalf, any and all actions and documents that may be necessary to effect your obligations under **Sections 16.D** and **16.H**, and you hereby irrevocably appoint us as your attorney in fact to do so, which appointment is coupled with an interest.

K. You will furnish us with written evidence satisfactory to us of compliance with all the obligations set forth in this Section within thirty (30) days after termination or expiration of this Agreement.

16. YOUR COVENANTS NOT TO COMPETE

A. During Term. You will not, directly or indirectly, during the term of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, or member of any other person, firm, entity, partnership, corporation, or company, own, operate, lease to or lease from, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in owning, operating, or managing any business that offers nail care services, wherever located, whether within the Protected Territory or elsewhere.

B. After Expiration, Termination, or Transfer. You will not, directly or indirectly for a period of two (2) years after the transfer by you, or the expiration or termination of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation, or company, own, operate, lease to or lease from, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in offering nail care services, which is located within the Protected Territory or within a ten (10) mile radius of any FRENCHIES studio, wherever located, whether within the Protected Territory or elsewhere.

C. Reasonableness. You agree that the scope of the prohibitions set forth in **Sections 17.A** and **17.B** are reasonable and necessary to protect us and the System (including other franchisees of the System). You agree that the prohibitions in **Section 17.A** must be very broad in order to prevent you from taking information, materials, and training we are providing to you on an ongoing basis and using them to either: a.) compete with us; or b.) preempt or otherwise restrict our ability to enter new markets. You agree that the time period and the scope of the prohibitions set forth in **Section 17.B** are the reasonable and necessary time and distance needed to protect us if this Agreement expires or is terminated for any reason. You also agree that you have many other opportunities available to earn a living, and that these restrictions will not preclude you from engaging in a lawful trade or business for which you otherwise have training or experience.

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D. Exception. The purchase of a publicly traded security of a corporation engaged in a competitive business or service will not in itself be deemed violative of this Section so long as you do not own, directly or indirectly, more than five percent (5%) of the securities of that corporation.

E. Relief. You agree that damages alone cannot adequately compensate us if there is a violation of these noncompetitive covenants and that injunctive relief is essential for our protection. You therefore agree that in case of your alleged breach or violation of this Section, we may seek injunctive relief, in addition to all other remedies that may be available to us at equity or law. In addition, if you violate the restriction provided for in **Section 17.B**, the period of time during which the restriction will remain in effect will be extended until two (2) years after you cease violating the restriction.

17. ENFORCEMENT

A. Injunctive Relief and Attorneys' Fees. We will be entitled to the entry of temporary restraining orders and temporary and permanent injunctions to: (i) enforce our rights to terminate this Agreement for the causes set forth in **Section 14** of this Agreement; and (ii) prevent or remedy a breach of this Agreement if that breach could materially impair the goodwill associated with our or your business, including but not limited to, the enforcement of obligations upon termination of this Agreement and the enforcement of the non-compete provisions of this Agreement. We will also be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing these provisions. If we are successful in obtaining an injunction, or any other judicial relief or order from an arbitrator against you, or in successfully defending any claim you have brought against us, you will pay us an amount equal to all of our costs of prosecuting and defending the action, including reasonable attorneys' fees, costs of investigation, court and arbitration costs, and other litigation or arbitration expenses. Our rights to obtain injunctive or other equitable relief is in addition to any other right we may have under this Agreement. It will in no way limit or prohibit us from obtaining money damages from you if you breach this Agreement.

B. Mediation. Except where it is necessary for either you or us to obtain equitable relief to preserve the goodwill of our respective businesses (including, but not limited to, the enforcement of obligations upon termination of this Agreement and the covenants not to compete contained in this Agreement), you and we each agree to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between us, for a minimum of four (4) hours, before initiating any legal action or arbitration against the other.

i. Upon written notice by either you or us, to the other, of your or our desire to mediate, the party receiving the notice will select an independent entity that provides mediation services to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not name such an organization within ten (10) days from the date the notice of intention to mediate is received, then the other party may proceed as if this Section did not exist, or, at its option, make the selection of the organization to provide mediation services. If you or we select an organization that is unwilling to serve as mediator, then the other party may select the organization. Once the organization is designated and agrees to accept the appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to us and to you. The mediation will be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If you and we cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for both of us, given all of the claimed conflicts in dates. The person actually mediating the dispute will be required to have at least ten (10) years of

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experience as either a franchisee or franchisor (or as an officer of such an entity) or in franchise law. You and we will equally share the cost of the mediator. The mediation will be held in the city and state where our principal place of business is located.

ii. Except for the matters identified above where we are permitted to seek injunctive relief without first mediating the dispute, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this section (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section), then upon petition of whichever of us has a lawsuit or arbitration proceeding brought against us, the court or arbitrator will dismiss the litigation or arbitration without prejudice, and award reasonable attorneys' fees and costs to the party seeking dismissal in an amount equal to the reasonable attorneys' fees and costs the party seeking dismissal incurred. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of the action, or of any award given in the action, the party initiating the litigation or arbitration will be responsible for all reasonable attorneys' fees and costs incurred throughout the litigation or arbitration by the other party as damages for failing to comply with the provisions of this Section.

C. Arbitration. Except insofar as we elect to enforce this Agreement by judicial process and injunction as provided in **Section 18.A**, all disputes and claims arising out of or relating to this Agreement, or to the breach thereof, or to any of our standards or operating procedures, or other obligation of either of yours or ours, or to the breach thereof (including any claim that this Agreement, any provision of this Agreement, any specification, standard, operating procedure or any other obligation of yours or ours is illegal, unenforceable or voidable), or any aspect of the relationship between you and us (even if additional persons are named as parties to such action), must be resolved by arbitration in Denver, Colorado, or if our principal office is not located in Colorado, then at the office of the American Arbitration Association located closest to our principal office. It is our intention that state laws attempting to void out of state forum selection clauses for arbitration be preempted by the Federal Arbitration Act and that arbitration be held in the place designated above.

i. The arbitration will be held in accordance with the United States Arbitration Act (9 U.S.C. § 1 *et seq.*), if applicable, and the rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise agreements, if any; otherwise, the general rules of commercial arbitration).

ii. The arbitrator appointed must have at least ten (10) years' experience in franchising or franchise law, and the arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers, and limitations of this Agreement. The arbitrator will have no authority to add, delete, or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions, and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties before the start of the arbitration hearing. The arbitrator will have the right to award or include in any award the specific performance of this Agreement, but will be required to file a reasoned brief with his or her award.

iii. You and we each agree that any award from the arbitrator may be appealed under the Optional Appellate Arbitration Rules of the American Arbitration Association.

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iv. You and we acknowledge that judgment upon an arbitration order may be entered in any court of competent jurisdiction and will be binding, final, and nonappealable, except for mistakes of

law, as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section.

v. Unless this Agreement is terminated in accordance with the provisions of **Sections 14** or **15** , during the pendency of any arbitration proceeding, you and we will fully perform the requirements of this Agreement.

vi. If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for we seek an injunction in accordance with the provisions of **Section 18.A**, the arbitrability of the claim will be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration will be made by the arbitrator appointed in accordance with this Agreement.

vii. All arbitration proceedings will be individual proceedings between you and us, and will not be conducted on a "class" basis, or include any other of our franchisees as named parties unless you and we each agree.

If, after either you or we institute an arbitration proceeding, one or the other asserts a claim, counterclaim, or defense, the subject matter of which, under statute or current judicial decision, is nonarbitrable for public policy reasons, the party against whom the claim, counterclaim, or defense is asserted may elect to proceed with the arbitration of all arbitrable claims, counterclaims, or defenses or proceed to litigate all claims, counterclaims, or defenses in a court having competent jurisdiction.

You agree that any claim arising out of this Agreement, whether for rescission or damages or any other type of remedy at law or in equity, may be maintained by you against us unless brought within the later of one (1) year from the date of the act or failure to act by us or six (6) months from the date you knew or should have known of the act or failure to act by us.

D. Waiver of Punitive Damages. You (and your owners and guarantors if applicable) agree to waive, to the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against us and any of our affiliates, owners, employees, or agents, and agree that in the event of a dispute between us, you will be limited to the recovery of any actual damages sustained by it.

E. Venue. We and you (and your owners and guarantors if applicable) each agree that if litigation is permitted under this Agreement, the sole forum for litigation arising under this Agreement, or any aspect of the relationship between us (even if additional parties are named as parties to that litigation) will be the state or federal courts of Colorado. Those actions must be exclusively venued either in the District Courts of Colorado, County of Denver, or the United States District Court for the District of Colorado. You and we each waive any objection you or we may have to either the jurisdiction or the venue of the court (except to the extent jurisdiction is preempted by the arbitration provisions of this Agreement), and you and we each consent to personal jurisdiction and venue in such court. However, if we are permitted to seek injunctive relief

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under this Agreement, we may, at our option, bring that action in the county in which your Nail Studio is located.

F. Jury Waiver. YOU AND WE EACH WAIVE THE RIGHT TO A TRIAL BY JURY. This waiver applies to all causes of action that are or might be included in any action, including claims related to the enforcement or interpretation of this Agreement, allegations of state or federal statutory violations, fraud, misrepresentation, or similar causes of action and it applies even if persons that are not a party to this Agreement are named as additional parties in the proceeding.

G. Waiver of Collateral Estoppel. The parties agree they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having those disputes directly affect the contract or relationship between us. We and you therefore each agree that a decision of an arbitrator or court of law to which one of us is not a party will not prevent the person that was a party to the action from making similar arguments, or taking similar positions, in any action between us. You and we therefore each waive the right to assert that principles of collateral estoppel prevent either you or us from raising any claim or defense in an action between us if either you or we lost a similar claim or defense in another action.

H. No Affiliate Liability. No past, present, or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney, or representative of ours or of any of our affiliates will have any liability for: (i) any obligations or liabilities we have relating to or arising under this Agreement; or (ii) any claim against us based on, in respect of, or by reason of, the transactions contemplated in this Agreement. This provision will not, however, affect any right, duty or obligation of ours or yours, or of any guarantor of your obligations.

18. RIGHT OF FIRST REFUSAL

If, at any time during the Term of this Agreement, you receive a bona fide offer to purchase or lease your Nail Studio (or if you are a company, partnership, or other entity, the equity ownership of you), which offer you are willing to accept, you will communicate in writing to us the full terms of the offer and the name of the offeror. We may elect to purchase or lease the business on the terms set forth in the offer. If we elect to purchase or lease the business, we will give you written notice of the election within thirty (30) days after we receive your communication of the offer. If we fail to give written notice of election within thirty (30) days, you may sell or lease to the offeror on the terms offered, subject to the provisions relating to assignment. The sale or lease must, however, be completed within sixty (60) days of the termination of the thirty (30) day period during which we may give written notice of election to purchase or lease; otherwise, an additional notice must be given to us and an additional option period must expire before any such transfer. If we elect to purchase or lease the business, we will have the right to substitute equivalent cash for any non-cash consideration included in the bona fide offer to purchase or lease the business and we and you will use our best efforts to complete the purchase or lease within sixty (60) days from the date of our notice of election to purchase or lease.

19. MISCELLANEOUS

A. Unpaid Amounts. Any unpaid amounts owed by you to us or any of our affiliates including any Weekly Royalty Fee, advertising fees and product purchases will bear interest at the rate of one- and one-half percent (1.5%) per month or the maximum rate

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permitted by law, whichever is less. You must reimburse us and our affiliates for all costs incurred in the collection of unpaid amounts, including reasonable attorneys' fees.

B. Severability. All 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 in the Agreement and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. You and we will substitute a valid and enforceable provision for any specification, standard, operating procedure, rule, or other obligation of either of us that is determined to be invalid or unenforceable and is not waived by the other party. These modifications to this Agreement will be effective only in the jurisdiction and will be enforced as originally made and entered into in all other jurisdictions.

C. Cumulative Rights. Except as otherwise set forth in this Agreement, our and your rights under this Agreement are cumulative and no exercise or enforcement of any right or remedy under this Agreement will preclude the exercise or enforcement of any other right or remedy under this Agreement or which we or you are entitled by law to enforce.

D. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 *et seq*.), this Agreement and the franchise relationship will be governed by the laws of the State of Colorado. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state (including Colorado) relating to franchises or business opportunities, other than those of the state in which the Franchised Location is located. This waiver of any rights under Colorado law will not apply if the Franchised Location is located in Colorado or you are a resident of (or if you are an entity, your principal(s) is a resident of) Colorado.

E. Disavowal of Oral Representations. You and we acknowledge that we want all terms of our business relationship to be defined in this written agreement, and that neither of us wants to enter into a business relationship with the other in which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and contemporaneous discussions between us. We each agree that we placed, and will place, no reliance on any discussions. You agree that no representations have been made to you about this Agreement or the FRENCHIES franchise other than as contained in this Agreement and in the Franchise Disclosure Document you received before you signed this Agreement (the "**FDD**"). You agree that no claims, representations, or warrantees of earnings, sales, profits, or success of your Nail Studio have been made to you other than as set forth in **Item 19** of the FDD.

F. Approvals. Wherever our consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, we have the right to withhold our approval in our discretion, for any reason, or for no reason. When the terms of this Agreement specifically require that we not unreasonably withhold our approval or consent, if you are in default or breach under this Agreement, any withholding of our approval or consent will be considered reasonable. Our approvals and consents will not be effective unless given in writing.

G. Interpretation. It is the desire and intent of you and us that the provisions of this Agreement be enforced to the fullest extent possible under the applicable laws and

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public policies. Therefore, if any provision of this Agreement is determined by a court or arbitrator to be invalid or unenforceable, that determination will apply only to the operation of that provision in the particular proceeding in which the determination is made. We and you agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Agreement will be construed simply according to its fair meaning and not strictly against you or us.

H. Waiver. Except as otherwise provided in this Section, neither of us will be deemed to have waived any obligation of the other, or to have agreed to any modification of this Agreement, unless we have done so in writing, and the writing is signed by the person giving the waiver or agreeing to the modification. However, you agree that you will give us immediate written notice of any claimed breach or violation of this Agreement as soon as possible after you have knowledge, or determine, or are of the opinion, that there has been a breach or violation by us of this Agreement. If you fail to give written notice to us of any claimed misrepresentation, violation of law, or breach of this Agreement within one (1) year from the date you have knowledge, determine, are of the opinion, or become aware of facts and circumstances reasonably indicating that you may have a claim against us or against any of our affiliates under any state law, federal law, or common law, then the misrepresentation, violation of law, or breach will be considered to have been condoned, approved, and waived by you, and you will be barred from beginning any legal, arbitration, or other action against us or against our affiliates, or from instituting any counterclaim against us or our affiliates, for the misrepresentation, violation of law, or breach, or from using the alleged act or omission as a defense to any action we may maintain against you.

I. Time. Time is of the essence to this Agreement.

J. Counterparts. This Agreement may be signed in counterparts, each of which will be considered an original.

K. Entire Agreement. The preambles are a part of this Agreement. This Agreement, together with its exhibits, constitutes the entire agreement between you and us related to your Nail Studio and any other aspect of the relationship we have with you, and cannot be amended except by a written agreement signed by you and us. This Agreement also supersedes all prior agreements and negotiations we have had with you related to your acquisition of this franchise or your and our rights and obligations. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made to you in the FDD.

L. Headings and Terms. The headings of the Sections are for convenience only and do not define, limit, or construe the contents of the Sections. The term "you" as used in this Agreement is applicable to one or more persons, a corporation, a partnership, or limited liability company, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If more than one person executes this Agreement for you, then your obligations are joint and several.

M. Patriot Act. You represent and warrant that to your actual and constructive knowledge: (i) neither you (including your directors, officers, and managers), nor any of your affiliates, or any funding source for your Nail Studio, are identified on the list at the United

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2023-24 FRANCHISE AGREEMENT

States Treasury's Office of Foreign Assets Control (OFAC); (ii) neither you nor any of your affiliates are directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither you nor any of your affiliates are acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to an embargo; (iv) neither you nor any of your affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specially Designated Nationals, Specially Designated Narcotics Traffickers or Specially Designated Terrorists, as the lists may be amended from time to time (collectively, the Lists); (v) neither you nor any of your affiliates, during the term of this Agreement, will be on any of the Lists; and (vi) during the term of this Agreement, neither you nor any of your affiliates will sell products, goods, or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. You agree to notify us in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

20. NOTICES

Any and all notices required or permitted under this Agreement will be in writing and will be deemed to have been duly given upon the earlier of: (i) when received; (ii) one (1) business day after placement with a reputable national overnight carrier; or (iii) three (3) business days after deposit (not including the day of deposit), if placed in the mail for delivery by certified mail, postage pre-paid, and, in the cases of clauses (ii) or (iii) addressed to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notice to us: **FRENCHIES, LLC**
2679 West Main, #363
Littleton, Colorado 80120
Attention: Chief Executive Officer

Notice to you: **See Rider.**

21. ACKNOWLEDGEMENTS

A. Independent Investigation. You acknowledge that you have conducted an independent investigation of the business franchised under this Agreement, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your ability and efforts as an independent business person. You acknowledge that you have been given the opportunity to clarity any provision of this Agreement that you may not have initially understood and that we have advised you to have this Agreement reviewed by an attorney.

_____
(Franchisee's Initials)

B. Franchise Agreement. You acknowledge that you have received, read, and understood this Agreement and that we have fully and adequately explained the provisions of it to your satisfaction and that we have accorded you time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement.

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_____
(Franchisee's Initials)

C. No Guarantee of Earnings. You acknowledge that we (and any of our representatives or agents with whom you have met) have not made and are not making any guarantees as to the extent of your success in your franchised business, and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with your franchised business.

_____
(Franchisee's Initials)

D. Other Franchises. You acknowledge that other FRENCHIES franchisees have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of those franchises may vary substantially from those contained in this Agreement. You also acknowledge that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations we grant to other of our FRENCHIES studios (whether franchised, or studios that we or our affiliates operate), and you will not be entitled to require us to grant similar variations or privileges to you.

_____
(Franchisee's Initials)

E. Franchisor Representations. You have no knowledge of any representations by us or our officers, directors, shareholders, members, managers, employees, sales representatives, agents, or servants about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated in this Agreement. You acknowledge that no representations or warranties are made or implied, except as specifically set forth in this Agreement. You represent, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining this Agreement.

_____
(Franchisee's Initials)

F. No Financial Representations. You acknowledge and agree that you have no knowledge of any financial performance representations, including (without limitation) representations of earnings, by us or our officers, directors, shareholders, members, managers, employees, sales representatives, agents, or servants, except as contained in Item 19 of our Franchise Disclosure Document.

_____
(Franchisee's Initials)

G. Business Acumen. You acknowledge that you have had ample opportunity to consult with your own attorneys, accountants, and other advisors. With full opportunity to consult with these persons, you acknowledge that you have sufficient knowledge and

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experience, or have received adequate advice from your advisors, to make an informed investment decision about this Agreement.

_____
(Franchisee's Initials)

H. No Personal Liability. You agree that fulfillment of any and all of our obligations written in this Agreement or based on any oral communications that may be ruled to be binding in a court of law will be our sole responsibility and none of our agents or representatives, nor any individuals associated with our franchise company, will be personally liable to you for any reason. This is an important part of this Agreement. You agree that nothing you believe you have been told by our representatives or us will be binding unless it is written in this Agreement. Do not sign this Agreement if there is any question about its contents or any representations made.

_____
(Franchisee's Initials)

I. No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

[THIS AGREEMENT CONTINUES WITH A RIDER AND INITIAL FRANCHISE FEE ATTACHMENT, BOTH OF WHICH ARE A PART OF THIS AGREEMENT]

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FRANCHISEE: _____

FRANCHISE AGREEMENT RIDER

1. **EFFECTIVE DATE**: _____

2. **FRANCHISEE**: _____

3. **FRANCHISED LOCATION**: _____.

If no location has been determined at the time this Franchise Agreement is executed, then the Franchised Location will be within the following area, provided the exact location will be subject to our review and approval: _____.

If the above-named location specifies a location yet to be determined, we reserve the right to sell franchises—and grant territories to others who will operate FRENCHIES studios—in and around the above-described location. You may then be required to choose a final location outside of any protected territory given to any other franchisee, and that territory may be outside of the city or areas identified above. Should this happen, you would have to obtain our review and approval for a new location. Likewise, if you choose to move your final address at any time, or if the location set forth above, or any other location we agree upon, becomes unavailable for any reason, it is your obligation to select a new location, and to obtain our approval of that location before you acquire the site or obtain any rights in the location.

4. **PROTECTED TERRITORY**: _____

5. **OWNERSHIP**: Franchisee represents and warrants that any entity to which this Agreement will be transferred will have the initial ownership set forth below, and that no changes will be made in the ownership without the prior written approval of Franchisor:

Name:	**Percentage Ownership**:
_____	_____
_____	_____
_____	_____
_____	_____

6. **PRINCIPAL OPERATOR DESIGNATED BY FRANCHISEE**: _____

7. **INITIAL FRANCHISE FEE**: *See* **INITIAL FRANCHISE FEE ATTACHMENT**.

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8. **ADDRESS FOR NOTICE TO YOU**:

Name:
Address:
Address:
Email:

FRANCHISOR: **FRENCHIES, LLC**

SIGNED:

BY:

ITS:

DATE:

FRANCHISEE:

SIGNED:

BY:

ITS:

DATE:

SIGNED:

BY:

ITS:

DATE:

SIGNED:

BY:

ITS:

DATE:

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INITIAL FRANCHISE FEE ATTACHMENT TO RIDER

The initial franchise fee is the one that is initialed by you and by us.

____/____ New Franchisee (including conversion studios): **$49,500**.

____/____ New Franchisee (including conversion studios) (Qualified Veterans Only): **$44,500**.

____/____ Existing, Qualifying FRENCHIES Franchisee: **$44,500**.

____/____ Transfer of an existing franchise or renewal of an existing franchise. **Transfer fee or renewal fee.**

____/____ Franchise agreement signed pursuant to an obligation you have under an Area Development Agreement: **No initial franchise fee**.

EXHIBIT A

FRENCHIES, LLC

FRANCHISE AGREEMENT

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF YOUR SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THIS DOCUMENT. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THIS DOCUMENT. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THIS DOCUMENT.

ARTICLE I PERSONAL GUARANTY

The undersigned persons (individually and collectively "**you**") represent to **FRENCHIES, LLC** d/b/a **FRENCHIES** ("**Franchisor**") that you are all of the shareholders, general partners, or members and managers of the franchisee, or the spouse of any shareholder, general partner, or member or manager of _____ ("**Franchisee**"), as the case may be. In consideration of the grant by Franchisor to Franchisee as provided in this Agreement, each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives, and assigns, to be firmly bound by all of the terms, provisions, and conditions of the **FRENCHIES, LLC** d/b/a **FRENCHIES** Franchise Agreement and any other agreement between Franchisee and Franchisor and its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement or other agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining Franchisor's written consent before the proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in the Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the Franchise Agreement. You agree to be bound by the dispute resolution procedures set forth in the Franchise Agreement. You further agree to be bound by the in-term and post-term covenants against competition, as well as all other restrictive covenants, including those concerning confidentiality and indemnification of the Franchise Agreement.

ARTICLE II CONFIDENTIALITY

During the initial and any renewal terms of the Franchise Agreement and this Guaranty, you will receive information that Franchisor considers its trade secrets and confidential information ("**Confidential Information**"). You will not, during the term of this Agreement or after, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information and trade secrets, including, without limitation, standards and specifications for Nail Studios, information about proprietary merchandise, any proprietary software Franchisor may now or in the future create, the Manual, the company's copyrighted materials, and any other goods or services offered or authorized for sale by System franchisees, methods and other techniques and know-how about operation of your Nail Studio that may be communicated to you or of which you may become apprised by virtue of your role as a guarantor of the Franchisee's obligations under the Franchise Agreement. You also acknowledge and agree that certain customer information, including: i.) current customer and prospective customer names and addresses; ii.) information about credit extensions to customers; iii.) customer service purchasing histories; iv.) rates charged to customers (subsections i-iv collectively referred to as "**Customer Lists**"); and v.) sources of suppliers, also constitute the trade secrets and confidential proprietary information of Franchisor. Any and all information, knowledge, know-how, techniques, and other data that Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement.

ARTICLE III NON-COMPETITION

You acknowledge that as a participant in the Franchisor's Franchise System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques that Franchisor has developed. To protect Franchisor and all Franchisor's franchisees, you agree as follows:

1) **During the Term of the Franchise Agreement and this Guaranty.** During the term of the Franchise Agreement and this Personal Guaranty, neither your, nor your principals, officers, directors, nor any members your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

a) Own, maintain, engage in, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any other business offering or nail studios or other goods and services offered or authorized for sale by System franchisees (a "**Competitive Business**"); *provided, however*, that this Section does not apply to Franchisee's operation of any other Nail Studio;

b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates, or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment; or

c) Divert or attempt to divert any business or customer of the Nail Studio to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

2) **After the Term of This Agreement.**

a) For a period of (2) years after the transfer by you, or the expiration or termination of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation, or company:

(i) Own, operate, lease to or lease from, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in offering nail care services, which is located within the Protected Territory or within a ten (10) mile radius of any FRENCHIES studio, wherever located, whether within the Protected Territory or elsewhere.; or

(ii) Solicit business from customers of Franchisee's former Nail Studio; or

(iii) Solicit any of Franchisor's employees, or the employees of Franchisor's affiliates, to discontinue employment.

3) **Intent and Enforcement**. It is the parties' intent that the provisions of this Article be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Article by you, any of your principals, or any members of their immediate family, Franchisor will be entitled to an injunction restraining the person or persons from any actual or threatened breach. You agree that, in the event of the actual or threatened breach of this Article, Franchisor's harm will be irreparable and that Franchisor has no adequate

remedy at law to prevent the harm. You acknowledge and agree that you have previously worked or been gainfully employed in other careers and that the provisions of this Article in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article will be tolled during any default under the Franchise Agreement and this Guaranty.

ARTICLE IV MISCELLANEOUS

1) **Acknowledgment**. You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks or its system.

2) **Governing Law.** This Guaranty will be deemed to have been made in and governed by the laws of the state of Colorado.

3) **Dispute Resolution.** Any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty will be enforced according to **Section 18** of the Franchise Agreement.

4) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, members, managers, agents, and employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the enforcement provisions contained therein, each having authority to specifically enforce the right to mediate, arbitrate, or litigate claims asserted against them by you.

5) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Franchise 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 Guaranty 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.

6) **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other that would render it valid and enforceable, the provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Guaranty will be construed according to its fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained in the Guaranty, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty is 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 Guaranty.

7) **Construction of Language.** Any term defined in the Franchise Agreement that is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as "you," their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8) **Successors**. References to "Franchisor," "Franchisee," "the undersigned," or "you" include the respective parties' successors, assigns, or transferees.

9) **No Personal Liability**. You agree that fulfillment of any and all of Franchisor's obligations written in this Guaranty or in the Franchise Agreement or based on any oral communications that may be ruled to be binding in a court of law will be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company will be personally liable to Franchisee or you for any reason.

PERSONAL GUARANTORS & SPOUSES:

Signed (Individually)	Signed (Individually)
Print Name	Print Name
Address	Address
City/State/Zip	City/State/Zip
Telephone	Telephone

Signed (Individually)	Signed (Individually)
Print Name	Print Name
Address	Address
City/State/Zip	City/State/Zip
Telephone	Telephone

EXHIBIT B

FRENCHIES, LLC

FRANCHISE AGREEMENT

GENERAL RELEASE

GENERAL RELEASE

In consideration of the agreement of FRENCHIES, LLC ("**Franchisor**") to allow _____ ("**Franchisee**") to [RENEW OR TRANSFER] its Franchise Agreement dated _____ between Franchisee and Franchisor ("**Agreement**"), Franchisee hereby releases and forever discharges Franchisor, and its affiliates, as well as their members, directors, officers, employees, and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors, and assigns, from any and all claims Franchisee may have against parties known and unknown, foreseen and unforeseen, from the beginning of time to the date of this General Release, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement or under any other agreement between Franchisee and Franchisor or its affiliates.

[FOR TRANSFERS*:* Further, Franchisee acknowledges that transfer of the Agreement will terminate Franchisee's interest in the Agreement, but Franchisee will continue to be bound by all post-termination provisions of the Agreement, including but not limited to the obligations of confidentiality, and the covenant not to compete contained in the Agreement.**]**

FRANCHISEE:

_____

SIGNED:

_____

BY:

_____

ITS:

_____

DATE:

_____

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EXHIBIT C

FRENCHIES, LLC

FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("**Assignor**") hereby assigns and transfers to **FRENCHIES, LLC**, a Colorado limited liability company with a principal business address of 2679 West Main, #363, Littleton, Colorado 80120 ("**Assignee**"), all of Assignor's right, title, and interest as tenant in, to, and under that certain lease, a copy of which is attached to this Agreement as **Exhibit 1** (the "**Lease**") respecting the premises commonly known as _____. This Assignment is for collateral purposes only and except as specified in this Agreement, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease under the terms of this Agreement and assumes the obligations of Assignor under the Lease. Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and its interest in the Lease and that Assignor has not previously assigned or transferred—and is not obligated to assign or transfer—any of its interest in the Lease or the premises demised by the Lease.

Upon a default by Assignor under the Lease or under the franchise agreement for a Nail Studio between Assignee and Assignor (the "**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Agreement, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor from the premises, and, in that event, Assignor will have no further right, title, or interest in the Lease. Assignor authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals to the Franchise Agreement, Assignor agrees that it must 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 the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to elect to extend or renew the Lease as outlined above, Assignor appoints Assignee as its true and lawful attorney-in-fact to exercise the extension or renewal options in the name, place, and stead of Assignor for the purpose of effecting the extension or renewal.

Subscribed and sworn to before me on this _____ day of _____, 20_____.

ASSIGNOR:

SIGNED:

BY:

_____

Notary Public

ITS: _____

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CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease described in this Collateral Assignment of Lease:

A. Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

B. Agrees that Assignee has the right—but not the obligation—to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice of default in accordance with **Paragraph A** above;

C. Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant under the Lease, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease; and

D. Agrees that Assignee may further assign the Lease to a person, firm, or corporation who must agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and, upon that assignment, Assignee will have no further liability or obligation under the Lease as assignee, tenant, or otherwise.

DATED: _____

LESSOR: _____

SIGNED: _____

BY: _____

ITS: _____

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FRENCHIES
2023-24 FRANCHISE
AGREEMENT

Exhibit 1 to

Collateral Assignment of Lease

LEASE AGREEMENT

EXHIBIT D

FRENCHIES, LLC

FRANCHISE AGREEMENT

STATE-SPECIFIC ADDENDA TO
FRANCHISE AGREEMENT

ADDENDUM TO FRENCHIES, LLC d/b/a FRENCHIES
FRANCHISE AGREEMENT REQUIRED FOR THE STATE OF CALIFORNIA

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Franchise Agreement, the following provisions shall supersede and apply to all Frenchies franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your business is located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning termination, renewal, or non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to termination, renewal, or non-renewal may be superseded by the Act. There may also be court decisions that may supersede the Franchise Agreement and your relationship with Franchisor, including the areas of termination, renewal, or non-renewal of Franchisee's franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

2. The Franchise Agreement requires Franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, Franchisee shall not be required to execute a general release.

3. The Franchise Agreement requires application of the laws and forum of Colorado. This provision may not be enforceable under California law.

4. The Franchise Agreement contains a covenant not to compete that extends beyond the termination or non-renewal of the franchise. This provision may not be enforceable under California law.

5. The provision in the Franchise Agreement that terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

6. The franchise agreement contains a liquidated damages clause. This provision may not be enforceable under California Civil Code Section 1671.

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. California has imposed a fee deferral condition because the California Department of Financial Protection and Innovation has determined that the franchisor has not demonstrated it are adequately capitalized and/or that it must rely on franchise fees to fund our operations. Accordingly, the

franchisor will defer the collection of all initial fees from California franchisees until it has completed all of its pre-opening obligations and you are open for business.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**FRANCHISEE:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC d/b/a FRENCHIES
FRANCHISE AGREEMENT REQUIRED FOR THE STATE OF ILLINOIS

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the state of Illinois:

1. Notwithstanding the fact that the Franchise Agreement requires that the Agreement be governed by the laws of the State of Colorado, to the extent required by Rule 200.608 of the Illinois Franchise Disclosure Laws, the Agreement shall be governed and construed in accordance with the laws of the State of Illinois.

3. The other conditions under which your franchise can be terminated and your rights of nonrenewal may be affected by Illinois Law, 815 Illinois Compiled Statutes 705/19 and 705/20.

4. Section 4 of the Illinois Franchise Disclosure Act states that "Any provision of a franchise agreement which designates jurisdiction or venue in a forum outside of this state (Illinois) is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State."

5. Any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive requirements with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

6. Section 14.B of the Franchise Agreement is modified by the insertion of the following at the end of such Section:

> "Notwithstanding the foregoing, to the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults under this Section 14.B, which shall not be less than ten (10) days and in no event shall such notice be required to be more than thirty (30) days."

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**FRANCHISEE:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC d/b/a FRENCHIES
FRANCHISE AGREEMENT REQUIRED FOR THE STATE OF INDIANA

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the state of Indiana:

This Indiana Addendum is only applicable if you are a resident of Indiana and your business will be located in Indiana.

1. Section 17.B of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

> "B. After Expiration, Termination or Transfer. You will not, directly or indirectly for a period of two (2) years after the transfer by you, or the expiration or termination of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation or company, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any hair removal business, which is located within the Protected Territory."

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**FRANCHISEE:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

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ADDENDUM TO FRENCHIES, LLC d/b/a FRENCHIES
FRANCHISE AGREEMENT
REQUIRED FOR THE STATE OF MARYLAND

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Franchise Agreement, the following provisions shall supersede and apply to all Frenchies franchises sold to residents in the state of Maryland:

1. Section 13.B.8 of the Franchise Agreement is revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 14.A of the Franchise Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

3. Section 18.F of the Franchise Agreement is revised to include the following language:

> "Notwithstanding the standing provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise."

4. The representations made in the Franchise Agreement are not intended to nor should they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Each provision to this Addendum to the Franchise Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

6. The Franchise Agreement states that Colorado law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland Law, and we will comply with that law in Maryland.

7. Notwithstanding anything to the contrary in the Franchise Agreement, nothing will prevent the Franchisee from filing suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

9. The Franchise Agreement is amended to provide that: This Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**FRANCHISEE:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC d/b/a FRENCHIES
FRANCHISE AGREEMENT
REQUIRED FOR THE STATE OF MINNESOTA

This Amendment pertains franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota's statutes and regulations. This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota. Notwithstanding anything to the contrary set forth in the FRENCHIES, LLC Franchise Agreement, the following provisions will supersede any inconsistent provisions and apply to all FRENCHIES franchises offered and sold in the state of Minnesota:

1. Minnesota law provides franchisees and developers with certain termination and nonrenewal rights. As of the date of this Agreement, Minn.Stat. § 80C.14, *subds*. 3, 4, and 5 require, except in certain specified cases, that the franchisor give a franchisee or developer 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of the Franchise Agreement.

2. FRENCHIES, LLC d/b/a FRENCHIES will protect your right to use the trademarks, service marks, trade names, logotypes, and other commercial symbols or will indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand arising out of or related to the use of the marks to the extent required by Minnesota law. **Section 3** is revised to include the following:

> "To the extent required by the Minnesota Franchise Act, Franchisor will protect your rights to use the trademarks, service marks, trade names, logos and other commercial symbols, or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the marks, provided you are using the Names and Marks in accordance with this Agreement."

3. Section 18.D of the Franchise Agreement will be supplemented by the following provision:

> Under Minn.Stat. § 80C.21, this Paragraph will not in any way abrogate or reduce any of your rights as provided in Minnesota Statutes, Chapter 80C, including—but not limited to—the right to submit matters to the jurisdiction of the courts of Minnesota.

4. Section 4.A of the Franchise Agreement is amended by adding the following:

> The State of Minnesota has required a financial assurance. Therefore, Franchisor has agreed to defer all initial fees owed by Franchisee to Franchisor until Franchisor has fulfilled all preopening obligations to Franchisee and Franchisee has commenced doing business pursuant to the Franchise Agreement. The State of Minnesota imposed this deferral requirement due to Franchisor's financial condition.

5. Minn.Stat. § 80C.21 and Minnesota Rule 2860.4400(J) prohibit FRENCHIES, LLC d/b/a FRENCHIES from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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6. Franchisor will not require Franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minn.Stat. §§ 80C.01 to 80C.22, provided that the foregoing will not bar the voluntary settlement of disputes. To the extent you are required to execute a general release in favor of FRENCHIES, LLC d/b/a FRENCHIES, the release will exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. § 80C.01 *et seq*. as provided by Minn. Rule 2860.4400J.

7. Any claims brought under 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 will control.

8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**FRANCHISEE:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC d/b/a FRENCHIES
FRANCHISE AGREEMENT
REQUIRED FOR THE STATE OF NEW YORK

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the state of New York:

This New York Addendum is only applicable if you are a resident of New York or if your business will be located in New York.

1. Section 8.I of the Franchise Agreement is revised to include the following:

> "Revisions to the manual will not unduly affect your obligations, including economic requirements, under this Agreement."

2. Section 15 of the Franchise Agreement is modified by the addition of the following at the end of such section:

> "In addition, the Franchisee shall have the right to terminate the Franchise Agreement to the extent allowed under applicable law."

3. Sections 18.E, 18.F, 18.G and 18.H of the Franchise Agreement are revised to include the following language:

> "Provided, however, that all rights arising under Franchisee's favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied."

4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**FRANCHISEE:**
_____	_____
SIGNED:	**SIGNED**:
_____	_____

© 2023 Frenchies, LLC d/b/a FRENCHIES

BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC d/b/a FRENCHIES
FRANCHISE AGREEMENT
REQUIRED FOR THE STATE OF NORTH DAKOTA

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the state of North Dakota:

This North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. Sections 16.H and 18.A of the Franchise Agreement are amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

2. Section 16.G of the Franchise Agreement is modified to delete any requirement that franchisee consent to termination penalties or liquidated damages.

3. Section 17.B of the Franchise Agreement is amended by adding the following language at the end:

> "Covenants not to compete, such as those mentioned in this Section 17.B are generally considered unenforceable in the state of North Dakota."

4. Section 18.E. of the Franchise Agreement is deleted in its entirety.

5. Section 18.G of the Franchise Agreement is deleted in its entirety.

6. Section 20.D of the Franchise Agreement is amended to provide that the Franchise Agreement will be governed by the laws of the State of North Dakota.

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**FRANCHISEE:**
SIGNED:	**SIGNED**:
BY:	**BY**:

© 2023 Frenchies, LLC d/b/a FRENCHIES

ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC d/b/a FRENCHIES
FRANCHISE AGREEMENT
REQUIRED FOR THE STATE OF RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Franchise Agreement, the following provisions shall supersede and apply to all Frenchies franchises sold to residents in the state of Rhode Island:

1. Section 18 of the Franchise Agreement is supplemented by the addition of the following:

> "§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act." The

Act (§§ 19-28.1-1 through 19- 28.1-34) are met independently without reference to this Addendum.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**FRANCHISEE:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

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ADDENDUM TO FRENCHIES, LLC d/b/a FRENCHIES
FRANCHISE AGREEMENT
REQUIRED FOR THE STATE OF WASHINGTON

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the state of Washington:

This Washington Addendum is only applicable if you are a resident of Washington or if your business will be located in Washington.

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. In the event of a conflict of laws, to the extent required by the Act, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. To the extent required by the Act, a release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitation period for claims under the Act, rights or remedies under the Act, such as rights to jury trial might not be enforceable; however, we agree to enforce them to the extent the law allows.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC** **FRANCHISEE:**

SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES
FRANCHISE AGREEMENT
REQUIRED FOR THE STATE OF WISCONSIN

This Amendment pertains franchises sold in the State of Wisconsin and is for the purpose of complying with Wisconsin's statutes and regulations. This Wisconsin Addendum is only applicable if you are a resident of Wisconsin and your business will be located in Wisconsin, or if the offering or sales activity relating to the Franchise Agreement occurred in Wisconsin. Notwithstanding anything to the contrary set forth in the Frenchies, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the state of Wisconsin:

1. Section 135.04 of the Wisconsin Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**FRANCHISEE:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:

© 2023 Frenchies, LLC d/b/a FRENCHIES

DATE:	**DATE**:

EXHIBIT E

FRENCHIES, LLC

FRANCHISE AGREEMENT

ELECTRONIC FUNDS
WITHDRAWAL AUTHORIZATION

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

BANK NAME:

_____

ABA ROUTING NUMBER:

_____

ACCOUNT NUMBER:

_____

ACCOUNT NAME:

_____

Effective as of the date of the signature below, _____ hereby authorizes FRENCHIES, LLC d/b/a FRENCHIES (the "**Company**") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company under the Franchise Agreement for the franchise located at _____: 1.) all Weekly Royalty Fees, 2.) all General Advertising and Marketing Fund Contributions, 3.) all Technology Fees, and 4.) all other fees due under the Franchise Agreement executed by Franchisee and Company. These withdrawals will occur on a weekly basis, or on another schedule as Company specifies in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. 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.

AGREED:

FRANCHISEE:

_____

SIGNED:

_____

BY:

_____

ITS:

_____

DATE:

_____

EXHIBIT C

© 2023 FRENCHIES, LLC d/b/a FRENCHIES 2023-24

FRENCHIES, LLC

FRANCHISE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT, GUARANTY, AND STATE-SPECIFIC ADDENDA

Frenchies
modern nail care

AREA DEVELOPMENT AGREEMENT

FRENCHIES, LLC
a Colorado limited liability company
2679 West Main, # 363
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AREA DEVELOPMENT AGREEMENT

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FRENCHIES®
AREA DEVELOPMENT AGREEMENT

This **AREA DEVELOPMENT AGREEMENT** is made as of the Effective Date set forth in the Rider attached to this Agreement (the "**Rider**") between **FRENCHIES, LLC**, a Colorado limited liability company ("**we**" or "**us**"), and the person or persons named in the Rider as the Developer ("**you**").

RECITALS:

A. We have invested substantial time, effort, and money to develop a system for operating boutique studios that offer hand and foot care services to men and women, and other related products and services, under the trademark "FRENCHIES®" and other trademarks, service marks, and intellectual property rights. We grant franchises to qualified candidates for the operation of a hand and foot care business. We license our trademark rights in "FRENCHIES®" and "FRENCHIES NAIL SALONS®" and may in the future adopt, use, and license additional or substitute trademarks, service marks, logos, and commercial symbols in connection with the operation of FRENCHIES studios (collectively the "**Marks**"). FRENCHIES studios use our methods, procedures, standards, specifications, and Marks (all of which are collectively referred to as the "**System**"), which we may improve, further develop, or otherwise modify from time to time.

B. You acknowledge that you have had an adequate opportunity to be thoroughly advised of the provisions of this Agreement, the form of franchise agreement we currently use to grant rights to operate nail studios, and our Franchise Disclosure Document, and have had sufficient time and opportunity to evaluate and investigate the System and the procedures and financial requirements associated with the System, as well as the competitive market in which it operates.

C. You are entering into this Agreement because you want to develop and operate multiple nail studios that use the Marks and the System. You recognize that while you will have certain limited rights to transfer your interest in this Agreement, and in the studios you develop, we are entering into this Agreement with you based on your representation that you intend to personally develop all of the studios described in this Agreement, and not with a view to reselling your right to open these studios.

AGREEMENTS:

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS.
The following provisions control with respect to the rights granted under this Agreement:

A. We grant to you, under the terms and conditions of this Agreement, the right to develop and operate the number of Nail Studios identified in the Rider (the "**Nail Studios**"), using the Marks and operating within the territory described in the Rider (the "**Development Territory**").

B. You agree to be bound by the "**Development Schedule**" set forth in the Rider. Time is of the essence for the development of each Nail Studio in accordance with the Development Schedule. Each Nail Studio must be developed and operated by you under a separate Franchise Agreement that you enter into with us.

C. Unless otherwise indicated in the Rider and except as set forth in **Section D** below or otherwise in this Agreement, if you are in compliance with this Agreement and any and all Franchise Agreement(s) you

have with us, we will not develop or operate—or grant anyone else a franchise to develop and operate—a Nail Studio from any location in the Development Territory before the earlier of: (i) the expiration or termination of this Agreement; (ii) the date on which you must sign the Franchise Agreement for your last Nail Studio under the terms of the Development Schedule. Notwithstanding anything in this Agreement, when the earliest of the above events occurs: (i) the Development Territory will expire; and (ii) we will be entitled to develop and operate—or to franchise others to develop and operate—nail care businesses or studios from locations in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been signed between us and you and that has not been terminated. If at any time you fail to comply with the Development Schedule, we may in lieu of terminating this Agreement, choose, in our sole discretion, to replace any portion of the Development Territory that is not then part of a Protected Territory under a fully executed Franchise Agreement with territory that will be identified at the time you demonstrate an intent and ability to execute the next Franchise Agreement called for under the Development Schedule.

D. You acknowledge and agree that we retain the following rights, among others, on any terms and conditions we deem advisable, and without granting you any rights therein:

1. To own, acquire, establish, and/or operate and license others to establish and operate, Nail Studios under the System at any location outside the Development Territory, notwithstanding their proximity to the Development Territory or any Nail Studio or their actual or threatened impact on sales of any Nail Studio;

2. To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Marks, whether such businesses are similar to or different from the Nail Studio, at any location within or outside the Development Territory, notwithstanding their proximity to the Development Territory or any Nail Studio or their actual or threatened impact on sales of any Nail Studio;

3. To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through mail order, toll free numbers, the Internet, other Electronic Media, mobile and temporary locations, and other alternative distribution channels, including products bearing our Marks; and

4. To (i) acquire one or more retail businesses that are the same as, or similar to, Nail Studios then operating under the System (each an "**Acquired Business**"), which is part of a system of retail businesses that we or our affiliates acquire (an "**Acquired System**"). An Acquired Business may be at any location within or outside the Development Territory, notwithstanding its proximity to the Protected Territory or any Nail Studio or their actual or threatened impact on sales of any Nail Studio. We may operate and/or license others to operate any Acquired Business under its existing name or as a studio under the Marks and System at any location. You will have no right to purchase, and we will not be obligated to offer you any option to purchase, any Acquired Business that is operated by a licensee or franchisee under the Acquired System. We may license such unit to be operated under any trade name or trademarks, including the Marks, and may also license to the licensee or franchisee additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the Development Territory .

2. DEVELOPMENT FEE.

You must pay us a Development Fee in the amount set forth in the Rider. This fee is payable in full when you sign this Agreement. However, you will not be required to pay an Initial Franchise Fee for any of the Nail Studios you develop under this Agreement.

A. You will sign the Franchise Agreement for your first Nail Studio concurrently with this Agreement. A separate Franchise Agreement must be signed for each Nail Studio as it is identified, which must be consistent with the Development Schedule. Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of the Nail Studio.

B. The Development Fee is consideration for this Agreement and not consideration for any Franchise Agreement, is fully earned by us upon execution of this Agreement, and is non-refundable. If you fail or choose not to develop any Nail Studio that is permitted under this Agreement, you will not be entitled to any return or refund of the Development Fee or any portion thereof.

3. DEVELOPMENT SCHEDULE.

The following provisions control with respect to your development rights and obligations:

A. You must comply with the Development Schedule requirements regarding: (i) the execution of the Franchise Agreements; (ii) the opening date for each Nail Studio; and (iii) the cumulative number of Nail Studios to be open and continuously operating for business in the Development Territory. If you fail to either sign a Franchise Agreement or to open a Nail Studio according to the dates set forth in the Franchise Agreement, we, in our sole discretion, may immediately terminate this Agreement under **Section 5**, or alter your Development Territory as described in Section 1.C.

B. You may not open a Nail Studio under this Agreement unless you have notified us of your intention to develop the Nail Studio at least thirty (30) days prior to the date in the Development Schedule and met each of the following conditions (these conditions apply to each Nail Studio to be developed in the Development Territory):

1. **Good Standing**. You must not be in default of this Agreement, any Franchise Agreement entered into under this Agreement, or any other agreement between you or any of your affiliates and us or any of our affiliates. You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Nail Studios.

2. **Execution of Franchise Agreement**. You and we have entered into our then-current form of Franchise Agreement for the proposed Nail Studio. You understand that we may modify the thencurrent form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations; *provided, however*, that you will not be required to pay any initial franchise fee under any of those agreements. You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement. The continued existence of each Franchise Agreement will be determined by the terms and conditions of the Franchise Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Nail Studio must be in accordance with the terms of the applicable Franchise Agreement.

3. **Identifying and Securing Sites**. You will be solely responsible for identifying, submitting for our approval, and securing specific sites for each Nail Studio. The following terms and conditions shall apply to each Nail Studio to be developed hereunder: We will provide you our then-current site selection guidelines and such site selection counseling and assistance as we may deem advisable. You will submit to us, in a form specified by us, a completed site approval package, which shall contain such information or materials as Franchisor may reasonably require. We will have thirty (30) business days after receipt of the site approval package to approve or disapprove, in our sole discretion, the proposed site for the Nail Studio. In the event we do not approve a proposed site by written notice

to you within said twenty (20) business days, such site shall be deemed disapproved by us. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

4. You hereby acknowledge and agree that approval by us of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Nail Studio or for any other purpose. Approval by us of the site indicates only that we believe the site complies with acceptable minimum criteria established by us solely for its purposes as of the time of the evaluation. Both we and you acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by us of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by us could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond our control. We shall not be responsible for the failure of a site approved by us to meet your expectations as to revenue or operational criteria.

4. TERM.

Unless sooner terminated in accordance with **Section 5** of this Agreement, the term of this Agreement and all rights granted to you will expire on the date that you sign the Franchise Agreement for the last Nail Studio that is scheduled to be opened under the Development Schedule.

5. DEFAULT AND TERMINATION.

You will be deemed in default under this Agreement if you breach any of the terms of this Agreement or if you or any "affiliate" of yours breaches any of the terms of any Franchise Agreement or any other agreement that you or your affiliates have with us or our affiliates. For purposes of this Agreement, an "affiliate" of any person will be any person or entity that controls that person, is under the control of that person, or is under common control with that person.

A. All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) you become insolvent, commit any affirmative action of insolvency, or file any action or petition of insolvency; (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority; (iii) you make a general assignment or other similar arrangement for the benefit of your creditors; (iv) a final judgment against you remains unsatisfied of record for thirty (30) days or longer; (v) execution is levied against your business or property, or the business or property of any of your affiliates that have entered into Franchise Agreements with us; (vi) a suit to foreclose any lien or mortgage against premises or equipment is instituted against you and not dismissed within thirty (30) days, or is not in the process of being dismissed; (vii) you fail to meet your development obligations set forth in the Development Schedule; (viii) you or any of your affiliates open any Nail Studios before that person or entity has signed a Franchise Agreement with us for that studio in the form we provide; (ix) you fail to comply with any other provision of this Agreement, or your or any of your affiliates fail to comply with any other agreement you or they have with us or our affiliates and do not correct the failure within thirty (30) days after written notice of that failure is delivered to the breaching party (except that if the failure to comply is the third (3rd) failure to comply with any provision of any agreement that you or any of your affiliates have with us or an affiliate of ours within twelve (12) consecutive months, then we need not provide any opportunity to cure the default); or (x) we have delivered to you or any of your affiliates a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

6. RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION.

Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate, and:

A. All remaining rights granted to you to develop Nail Studios under this Agreement will automatically be revoked and will be null and void. You will not be entitled to any refund of any fees.

B. You must within five (5) business days of the termination or expiration pay all sums owing to us and our affiliates. In addition, you agree to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to **Ten Thousand Dollars ($10,000)** for each undeveloped Nail Studio. You agree that this amount is in addition to the Development Fees paid under this Agreement, and is for lost revenues from Weekly Royalty Fees (as defined in the Franchise Agreement) and other amounts payable to us, including the fact that you were holding the development rights for those Nail Studios and precluding the development of certain Nail Studios in the Development Territory, and that it would be difficult to calculate with certainty the amount of damage we will incur. Notwithstanding your agreement, if a court determines that this liquidated damages payment is unenforceable, then we may pursue all other available remedies, including consequential damages.

7. TRANSFER.

The following provisions govern any transfer:

A. We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity.

B. We enter into this Agreement with specific reliance on your personal experience, skills, and managerial and financial qualifications. Consequently, this Agreement—and your rights and obligations under it—is and will remain personal to you. You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent.

1. As used in this Agreement, the term "**Transfer**" means any sale, assignment, lease, gift, pledge, mortgage, or any other encumbrance, transfer by bankruptcy, transfer by your disability or death, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law, or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you. You acknowledge that these provisions prohibit you from subfranchising or sublicensing any right you have under any agreement with us, and that your intent in entering into this Agreement is that you (and not any licensee or transferee) will be opening and operating the Nail Studios to be developed under this Agreement. In addition, if there are two (2) individuals signing this Agreement as Franchisee, and one (1) of those individuals is no longer involved in the ownership of the business that is developing Nail Studios, the withdrawal of that person will be considered a Transfer. A Transfer will also be deemed to occur when there are more than two (2) people listed as the Developer and there is a change of the ownership of the business such that less than a majority of the original signatories continue to have a majority interest in the equity of the business.

2. We will not charge you any fee in connection with your Transfer of your interest in this Agreement. However, as a condition to our approval of any Transfer, you must sign Franchise Agreements for all of the Nail Studios to be developed under this Agreement, you must transfer all of those agreements to the same person or entity that acquires your interest in this Agreement, and you must comply with all of the conditions for transferring each of those agreements, including the requirement to pay a transfer fee in connection with the transfer of each of those agreements.

3. The restriction on Transfer contained in this Agreement does not apply to, or otherwise restrict, your right to transfer any interest in any Franchise Agreement you previously signed for any Nail Studio to be developed under this Agreement. You may transfer those agreements apart from any rights you have in this Agreement, provided you comply with the transfer provisions of each agreement you seek to transfer.

8. MISCELLANEOUS.

The provisions set forth in the Franchise Agreement for your first Nail Studio containing any covenants not to compete, enforcement provisions, notice provisions, and sections referenced as "Miscellaneous" or "Acknowledgments" are incorporated into this Agreement by reference and will be applicable to this Agreement until such time as you sign a subsequent Franchise Agreement, at which time the provisions of the new agreement relating to covenants not to compete, enforcement, notice, and all sections referenced as "Miscellaneous" or "Acknowledgments" will be incorporated into this Agreement by reference in place of the previous provisions. Likewise, if you later sign yet another Franchise Agreement, at all times, the provisions contained in the last Franchise Agreement you sign with us, which relate to covenants not to compete, enforcement, and notice, and all sections referenced as "Miscellaneous" or "Acknowledgments," are hereby incorporated into this Agreement by reference in place of the previous provisions. You acknowledge having received a copy of our current form of Franchise Agreement for use in the sale of Nail Studios, and that until you sign an agreement for your first studio, the provisions of the form we provided to you relating to these matters will be deemed incorporated in this Agreement by reference and applicable to this Agreement. Any reference to the expression "this Agreement" in those Sections will be interpreted as a reference to this Area Development Agreement and any reference to "Protected Territory" will read as Development Territory. Any provisions of this Agreement which, by their nature, may or are to be performed following expiration or termination of this Agreement, will survive termination or expiration.

No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

[THIS AGREEMENT CONTINUES WITH A RIDER,
WHICH IS A PART OF THIS AGREEMENT]

AREA DEVELOPMENT AGREEMENT RIDER

1. **Effective Date**: _____
2. **Developer**: _____
3. **Development Territory**:

_____
_____
_____

If the Development Territory references one or more sites yet to be determined, then we reserve the right to develop and operate Nail Studios in and around the above-described city, county, or area, and to sell franchises and grant territories to others—including through area development agreements—who will operate Nail Studios in and around the above-described city, county, or area. You may then be required to choose a final location for your Nail Studio outside of any protected territory given to us or to any other franchisee or area developer, which final location may be outside of the county, city, or area identified above. Should this happen, you would have to obtain our review and approval for a new Development Territory, and location for your Nail Studio.

4. **Number of Nail Studios** to be opened in the Development Territory:

NAIL STUDIO NUMBER	CHECK TO INDICATE:
1	
2	
3	
4	

5. **Development Fee**: You acknowledge and agree that a material provision of this Area Development Agreement is that the following fee indicated, which directly correlates with the number of Nail Studios you intend to open, is due and payable to Franchisor upon execution of this Agreement:

NAIL STUDIO NUMBER	TOTAL PRICE	CHECK TO INDICATE:
1	$49,500	
2	$89,000	
3	$118,500	
4	$148,000	

6. **Development Schedule**: You acknowledge and agree that a material provision of this Area Development Agreement is that the following number of Nail Studios must be opened and continuously operated by you in the Development Territory in accordance with the following Development Schedule:

NAIL STUDIO NUMBER	DATE BY WHICH FRANCHISE AGREEMENT MUST BE SIGNED AND SITE APPROVAL REQUEST MUST BE SUBMITTED TO US	DATE BY WHICH THE NAIL STUDIO MUST BE OPENED AND OPERATED BY YOU IN THE TERRITORY*	CUMULATIVE NUMBER OF NAIL STUDIOS TO BE OPENED AND OPERATED BY YOU IN THE DEVELOPMENT TERRITORY AS OF THE DATE IN PRECEDING COLUMN
1	Date of this Agreement	12 months from the Date of this Agreement	1
2	18 months from the Date of this Agreement	30 months from the Date of this Agreement	2
3	30 months from the Date of this Agreement	42 months from the Date of this Agreement	3
4	42 months from the Date of this Agreement	54 months from the Date of this Agreement	4

For purposes of determining compliance with this Development Schedule, only the Nail Studios you actually open and continuously operate in the Development Territory for at least the first six (6) months after opening will be counted toward the number of Nail Studios required to be open and operated by you.

7. **Address for notice to you**: _____

_____

_____

[Signature page follows.]

IN WITNESS WHEREOF, we and you have signed this Agreement as of the Effective Date set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**DEVELOPER:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

SIGNED:

BY:

ITS:

DATE:

SIGNED:

BY:

ITS:

DATE:

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AREA DEVELOPMENT AGREEMENT

EXHIBIT A
PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE AREA DEVELOPMENT AGREEMENT

In consideration of the execution of the Area Development Agreement (the "**Agreement**") between **FRENCHIES, LLC** ("**we**" or "**us**") and _____ (the "**Developer**"), dated _____, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually, and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms, and conditions in the Agreement, to be paid, kept, and performed by the developer, including without limitation the dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an Area Development Agreement containing the identical terms and conditions of the Agreement.

The undersigned waive: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he or she may have to require that an action be brought against the developer or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the developer.

In addition, the undersigned consent and agree that: (1) the undersigned's' liability will not be contingent or conditioned upon our pursuit of any remedies against the developer or any other person; (2) the liability will not be diminished, relieved or otherwise affected by the developer's insolvency, bankruptcy, or reorganization, the invalidity, illegality, or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty will apply in all modifications to the Agreement of any nature agreed to by developer with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants, and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

DEVELOPER: _____

PERSONAL GUARANTORS:

Signed (Individually)	Signed (Individually)
Print Name	Print Name
Address	Address
City/State/Zip	City/State/Zip
Telephone	Telephone

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EXHIBIT B
STATE-SPECIFIC ADDENDA

ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR THE STATE OF CALIFORNIA

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Franchise Agreement or Area Development Agreement, the following provisions will supersede and apply to all Frenchies franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning termination, renewal, or non-renewal of the Area Development Agreement and certain provisions of the Area Development Agreement relating to termination, renewal, or non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Area Development Agreement and your relationship with Franchisor, including the areas of termination, renewal, or renewal of Franchisee's franchise. If the Area Development Agreement is inconsistent with the law, the law will control.

2. The Franchise Agreement or Area Development Agreement requires Franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement or Area Development Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, Franchisee shall not be required to execute a general release.

3. The Franchise Agreement or Area Development Agreement requires application of the laws and forum of Colorado. This provision may not be enforceable under California law.

4. The Franchise Agreement or Area Development Agreement contains a covenant not to compete that extends beyond the termination or non-renewal of the franchise. This provision may not be enforceable under California law.

5. The provision in the Franchise Agreement or Area Development Agreement that terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

6. The Franchise Agreement or Area Development Agreement contains a liquidated damages clause. This provision may not be enforceable under California Civil Code Section 1671.

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. California has imposed a fee deferral condition because the California Department of Financial Protection and Innovation has determined that the franchisor has not demonstrated it are adequately capitalized and/or that it must rely on franchise fees to fund our operations. Accordingly, the

franchisor will defer the collection of all initial fees from California franchisees until it has completed all of its pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**DEVELOPER:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR THE STATE OF ILLINOIS

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the state of Illinois:

This Illinois Addendum is only applicable if the franchisee is domiciled in Illinois or if the offer of the franchise is made or accepted in Illinois and the franchise business is or will be located in Illinois.

1. Notwithstanding the fact that the Area Development Agreement requires that the Agreement be governed by the laws of the State of Colorado, to the extent required by Rule 200.608 of the Illinois Franchise Disclosure Laws, the Agreement shall be governed and construed in accordance with the laws of the State of Illinois.

2. The other conditions under which your franchise can be terminated and your rights of nonrenewal may be affected by Illinois Law, 815 Illinois Compiled Statutes 705/19 and 705/20.

3. Section 4 of the Illinois Franchise Disclosure Act states that "Any provision of a franchise agreement which designates jurisdiction or venue in a forum outside of this state (Illinois) is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State."

4. Any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive requirements with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

5. Section 5 of the Area Development Agreement shall be modified by the addition of the following sentence at the end of such section.

> "To the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults under this Section 5, to the extent required by Illinois law, which in no event shall be less than ten (10) days, and in no event shall such notice be required to be greater than thirty (30) days."

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**DEVELOPER:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR THE STATE OF MARYLAND

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Area Development Agreement, the following provisions shall supersede and apply to all Frenchies franchises sold to residents in the state of Maryland:

1. Section 5 of the Area Development Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

2. Section 8 of the Area Development Agreement is revised to include the following language:

> "Notwithstanding the standing provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise."

3. The representations made in the Area Development Agreement are not intended to nor should they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Section 7 of the Area Development Agreement is revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. Each provision to this Addendum to the Development Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

6. The Development Agreement states that Colorado law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland law, and we will comply with that law in Maryland.

7. Notwithstanding anything to the contrary in the Development Agreement, nothing will prevent the Franchisee from filing suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

8. The Area Development Agreement is amended to provide that: disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**DEVELOPER:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC d/b/a FRENCHIES
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR THE STATE OF MINNESOTA

This Amendment pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota's statutes and regulations. This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota. Notwithstanding anything to the contrary set forth in the FRENCHIES, LLC Area Development Agreement, the following provisions will supersede any inconsistent provisions and apply to all FRENCHIES franchises offered and sold in the state of Minnesota:

1. Minnesota law provides franchisees and developers with certain termination and nonrenewal rights. As of the date of this Agreement, Minn.Stat. § 80C.14, *subds.* 3, 4, and 5 require, except in certain specified cases, that the franchisor give a franchisee or developer 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of the Franchise Agreement.

2. FRENCHIES, LLC d/b/a FRENCHIES will protect your right to use the trademarks, service marks, trade names, logotypes, and other commercial symbols or will indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand arising out of or related to the use of the marks to the extent required by Minnesota law. **Section 3** is revised to include the following:

> "To the extent required by the Minnesota Franchise Act, Franchisor will protect your rights to use the trademarks, service marks, trade names, logos and other commercial symbols, or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the marks, provided you are using the Names and Marks in accordance with this Agreement."

3. Section 18.D of the Franchise Agreement and the Area Development Agreement will be supplemented by the following provision:

> Under Minn.Stat. § 80C.21, this Paragraph will not in any way abrogate or reduce any of your rights as provided in Minnesota Statutes, Chapter 80C, including—but not limited to—the right to submit matters to the jurisdiction of the courts of Minnesota.

4. Section 2 of the Area Development Agreement is amended by adding the following:

> The State of Minnesota has required a financial assurance. Therefore, we have agreed to defer all initial fees owed by you to us until we have fulfilled pre-opening obligations to you and you have commenced doing business pursuant to a Franchise Agreement. The State of Minnesota imposed this deferral requirement due to Franchisor's financial condition.

5. Minn.Stat. § 80C.21 and Minnesota Rule 2860.4400(J) prohibit FRENCHIES, LLC d/b/a FRENCHIES from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. Franchisor will not require Franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minn.Stat. §§ 80C.01 to 80C.22, provided that the foregoing will not bar the voluntary settlement of disputes. To the extent you are required to execute a general release in favor

of FRENCHIES, LLC d/b/a FRENCHIES, the release will exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. § 80C.01 *et seq*. as provided by Minn. Rule 2860.4400J.

7. Any claims brought under 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 or Area Development Agreement imposes a different limitations period, the provision of the Act will control.

8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**FRANCHISEE/DEVELOPER**:
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR THE STATE OF NEW YORK

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the state of New York:

This New York Addendum is only applicable if you are a resident of New York or if your business will be located in New York.

1. Section 8 of the Area Development Agreement is revised to include the following language:

> "Provided, however, that all rights arising under Franchisee's favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied."

2. The Area Development Agreement is modified by the addition of the following Section 5:

> "In addition, Franchisee shall have the right to terminate the Area Development Agreement to the extent allowed under applicable law."

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**DEVELOPER:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR THE STATE OF NORTH DAKOTA

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the state of North Dakota:

This North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. Section 6.B of the Area Development Agreement is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

2. Section 6.B of the Area Development Agreement is modified to delete any requirement that franchisee consent to termination penalties or liquidated damages.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**DEVELOPER:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

© 2023 FRENCHIES, LLC d/b/a FRENCHIES

ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR THE STATE OF WASHINGTON

Notwithstanding anything to the contrary set forth in the Frenchies, LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the state of Washington:

This Washington Addendum is only applicable if you are a resident of Washington or if your business will be located in Washington.

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Area Development Agreement and your relationship with us, including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. In the event of a conflict of laws, to the extent required by the Act, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. To the extent required by the Act, a release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the Area Development Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitation period for claims under the Act, rights or remedies under the Act, such as rights to jury trial might not be enforceable; however, we agree to enforce them to the extent the law allows.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**DEVELOPER:**
SIGNED:	**SIGNED**:
BY:	**BY**:
ITS:	**ITS**:
DATE:	**DATE**:

ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES
AREA DEVELOPMENT AGREEMENT
REQUIRED FOR THE STATE OF WISCONSIN

This Amendment pertains franchises sold in the State of Wisconsin and is for the purpose of complying with Wisconsin's statutes and regulations. This Wisconsin Addendum is only applicable if you are a resident of Wisconsin and your business will be located in Wisconsin, or if the offering or sales activity relating to the Area Development Agreement occurred in Wisconsin. Notwithstanding anything to the contrary set forth in the Frenchies, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the state of Wisconsin:

1. Section 135.04 of the Wisconsin Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR: **FRENCHIES, LLC**	**FRANCHISEE:**
_____	_____
SIGNED:	**SIGNED**:
_____	_____
BY:	**BY**:
_____	_____
ITS:	**ITS**:
_____	_____
DATE:	**DATE**:
_____	_____

© 2023 FRENCHIES, LLC d/b/a FRENCHIES

EXHIBIT D

FRENCHIES, LLC

FRANCHISE DISCLOSURE DOCUMENT

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FRENCHIES, LLC

FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISED LOCATIONS

As of November 7, 2023

FRANCHISEE	ADDRESS	CITY	STATE	ZIP CODE	PHONE NUMBER
Feel Good Beauty, Inc.	1583 Spinnaker Drive, #105	Ventura	CA	93001	(805) 200-3883
Den Fren CS, LLC	8776 N Union Blvd	Colorado Springs	CO	80920	(303) 915-7388
Shearer Holdings, LLC	Serene Dr & Lawson Ave	Erie	CO	80516	(320) 232-9006
NOCO Clean Nails, LLC	2720 Council Tree Ave, Suite 100	Fort Collins	CO	80525	(970) 286-2175
Den Fren HR, LLC	2670 E County Line Road, Suite G	Highlands Ranch	CO	80126	(505) 620-7606
Frenchies Revolution*	10106 W San Juan Way	Littleton	CO	80127	(303) 904-9900
Den Fren LT, LLC	10008 Commons Street, #108	Lone Tree	CO	80124	(505) 550-8062
Shearer Holdings, LLC	7345 E 128th Ave	Thornton	CO	80602	(303) 550-8283

FRANCHISEE	ADDRESS	CITY	STATE	ZIP CODE	PHONE NUMBER
Party of Seven Holdings, LLC	317 W Palm Ave, #105A	Tampa	FL	33602	(347) 782-5355
Georgia Dogwoods, Inc.	843 Prince Avenue	Athens	GA	30606	(706) 395-8805
RVEP Corporation	2620 Old Winder Highway	Braselton	GA	30517	(470) 878-2700
Forever Strong, LLC	La Parc NW & Glenald Way NW	Buckhead	GA	30327	(404) 644-5242
RVEP Corporation	106 Spring Street SW, Suite 103	Gainesville	GA	30501	(678) 617-8058
Forever Strong, LLC	Dallas St & North Main St	Kennesaw	GA	30144	(404) 644-5242
Forever Strong, LLC	5350 United Dr, Suite 103	Smyrna	GA	30082	(404) 946-8639
t-Winning, LLC	10730 Holyoke Avenue, #164	Lakeville	MN	55044	(952) 683-9393
RPM Enterprises	7774 Hargis Parkway, #116	Woodbury	MN	55129	(651) 788-7002
Rodriguez Network Corp	3027 State Highway K	O'Fallon	MO	63368	(636) 294-9600
Palmer Family Enterprises, LLC	2810 South Blvd, Suite E	Charlotte	NC	28209	(704) 499-5352

FRANCHISEE	ADDRESS	CITY	STATE	ZIP CODE	PHONE NUMBER
Palmer Family Enterprises, LLC	Peppercorn Ln & Belvedere Ave	Charlotte	NC	28205	(704) 953-6990
Palmer Family Enterprises, LLC	Sharon Ln & Providence Rd	Charlotte	NC	28211	(704) 953-6990
Palmer Family Enterprises, LLC	Albans Ln & Reigate Road	Harrisburg	NC	28262	(704) 953-6990
Palmer Family Enterprises, LLC	S Old Statesville Road & Gilead Road	Huntersville	NC	28078	(704) 953-6990
McLure Enterprises, Inc.	3473 Burke Mill Rd	Winston-Salem	NC	27103	(336) 817-9144
Dillinger Capital 2, LLC	8008 Washington Village Drive, #13	Washington Township	OH	45458	(937) 620-2955
MAIAN, LLC	3925 SW Rose Biggi Ave	Beaverton	OR	97005	(971) 678-6907
Dillinger Capital, Inc.	1720 Washington Road	Pittsburgh	PA	15241	(213) 841-5071
Cool Springs Beauty Co., LLC	790 Jordan Rd, Suite 112	Franklin	TN	37067	(734) 558-6791
Life Endeavors, Inc.	3100 South Ranch Road 620, Ste 400	Lakeway	TX	78734	(512) 431-5943
Euphoria Enterprise LLC	2180 TX-46, Suite 102	New Braunfels	TX	78132	(956) 862-2080

FRANCHISEE	ADDRESS	CITY	STATE	ZIP CODE	PHONE NUMBER
Evaleon USA, LLC	523 Med Court, Suite 102	San Antonio	TX	78258	(210) 540-0079
CMMD Management, LLC	1560 E Southlake Blvd, Suite 110	Southlake	TX	76092	(702) 353-7470
M & T Assets, Inc.	2080 W 12600 S	Riverton	UT	84065	(801) 898-7687

*This location is owned by our affiliate described in Item 1 of this Disclosure Document.

FRANCHISEES WITH SIGNED FRANCHISE AGREEMENTS THAT HAD NOT YET OPENED

As of November 7, 2023

FRANCHISEE	CITY	STATE	PHONE NUMBER
Feel Good Beauty, Inc.	Santa Barbara	CA	(805) 804-7813
Feel Good Beauty, Inc.	Santa Barbara	CA	(805) 804-7813
NOCO Clean Nails, LLC	Broomfield	CO	(720) 261-1980
NOCO Clean Nails, LLC	Leyden	CO	(720) 261-1980
Georgia Dogwoods, Inc.	Johns Creek	GA	(706) 255-9842
Georgia Dogwoods, Inc.	Johns Creek	GA	(706) 255-9842
Rodriguez Network Corp	Chesterfield	MO	(314) 604-4806
Rodriguez Network Corp	St. Louis	MO	(314) 604-4806

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM IN THE 2022 FISCAL YEAR

FRANCHISEE	LOCATION	PHONE NUMBER
Health Minded	Thousand Oaks, CA	(805) 218-4429
	Thousand Oaks, CA	
Polished Piggies, LLC	Parker, CO	(303) 762-8272
Posh Polish 41, LLC	Lone Tree, CO	(602) 471-5450
Posh Polish 42, LLC	Highlands Ranch, CO	(602) 471-5450
Florida Medical Odyssey, LLC	Tampa, FL	(813) 613-3090
Whitsell Franchising, Inc.	Louisville, KY	(502) 396-4543
	Louisville, KY	
	Louisville, KY	
Brian McCutcheon	Arlington, TX	(713) 560-1807
	Mansfield, TX	
Sunshine Committee, LLC	New Braunfels, TX	(512) 584-6148
Tom and Tina Bradford	Charleston, SC	(704) 622-5303

EXHIBIT F

FRENCHIES, LLC

FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS OF FRENCHIES, LLC

FRENCHIES, LLC

FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT AUDITORS

DECEMBER 31, 2022, 2021 (RESTATED), and 2020 (RESTATED)

FRENCHIES, LLC

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KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Members
of Frenchies, LLC

Opinion

We have audited the accompanying financial statements of Frenchies, LLC, ("the Company") which comprise the balance sheet as of December 31, 2022 and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Frenchies, LLC as of December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of the Company as of December 31, 2021 and 2020 were audited by other auditors whose reports dated April 29, 2022 and April 30, 2021 respectively, expressed an unmodified opinion on those statements.

Emphasis of Matter - Correction of Errors

As discussed in Note 11 to the financial statements, errors resulting in misstatements of amounts previously reported for deferred commissions and deferred revenue were discovered by management of the Company during the year. Accordingly, amounts reported for deferred commissions and deferred revenue have been restated and an adjustment has been made to retained earnings as of December 31, 2021 to correct the errors. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 the Company's internal control. Accordingly, no such opinion is expressed.

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

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

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

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas & Dunlavy

St. George, Utah
May 5, 2023

FRENCHIES, LLC

BALANCE SHEET

As of December 31, 2022, 2021 (restated), and 2020 (restated)

	2022	2021*	2020*
Assets			
Current assets:			
Cash	$ 718,035	$ 214,667	$ 228,037
Employee retention credit receivable	63,884	63,884	-
Other current assets	613	1,263	-
Note receivable	39,500	-	-
Total current assets	822,032	279,814	228,037
Deferred commissions, non-current	476,647	644,295	876,862
Property and equipment, net	11,457	25,070	35,204
Intangible assets, net	11,229	26,200	41,172
Total assets	$ 1,321,365	$ 975,379	$ 1,181,275
Liabilities and members' equity			
Current liabilities:			
Credit card payable	$ 9,642	$ 22,876	$ 17,022
Accrued interest	12,638	-	-
Notes payable, current	-	150,612	17,663
Related party notes payable, current	48,303	308,268	91,132
Total current liabilities	70,583	481,756	125,817
Related party notes payable, non-current	212,421	-	308,268
Notes payable, non-current	620,000	196,264	454,504
Deferred revenue, non-current	658,000	849,500	1,170,050
Total liabilities	1,561,004	1,527,520	2,058,639
Members' equity			
Members' capital	140,000	-	-
Accumulated members' deficit	(379,639)	(552,141)	(877,364)
Total members' deficit	(239,639)	(552,141)	(877,364)
Total liabilities and members' equity	$ 1,321,365	$ 975,379	$ 1,181,275

The accompanying notes are an integral part of these financial statements.

*Certain amounts shown here do not correspond to the 2021 and 2020 financial statements and reflect adjustments made. Refer to Note 11.

FRENCHIES, LLC
STATEMENT OF OPERATIONS
For the years ended December 31, 2022, 2021(restated), and 2020 (restated)

	2022	2021*	2020*
Revenue:			
Franchise fees	$ 285,500	$ 320,550	$ 1,474,550
Termination fees	83,588	65,176	-
Transfer fees	15,000	-	-
Royalty fees	593,485	482,292	369,320
Ad fund fees	210,825	188,070	134,298
Technology fees	124,359	138,209	70,507
Branded product income	92,235	45,147	-
Other franchise income	7,723	-	55,240
Total revenue	1,412,715	1,239,445	2,103,915
Operating expenses:			
Franchise development	218,673	292,249	154,285
Professional fees	70,194	62,334	38,433
Marketing expenses	272,629	226,209	408,871
Depreciation and amortization	22,045	25,106	12,607
General and administrative	602,819	521,891	1,176,934
Total operating expenses	1,186,360	1,127,789	1,791,130
Operating income	226,355	111,656	312,785
Other income (expense)			
Interest income	37	11	-
Interest expense	(47,351)	(19,266)	(58,176)
Loss on disposal of assets	(6,539)	-	-
Other income	-	232,822	-
Total other income (expense)	(53,853)	213,567	(58,176)
			-
Net income	$ 172,502	$ 325,223	$ 254,609

The accompanying notes are an integral part of these financial statements.

*Certain amounts shown here do not correspond to the 2021 and 2020 financial statements and reflect adjustments made. Refer to Note 11.

FRENCHIES, LLC

STATEMENT OF MEMBERS' EQUITY

For the years ended December 31, 2022, 2021(restated), and 2020 (restated)

	Members' Capital	Accumulated Members' Deficit	Total Members' Deficit
Balance at December 31, 2019	-	$ (1,922,311)	$ (1,922,311)
Prior year adjustment (see note 11)	-	790,338	790,338
Net income	-	254,609	254,609
Balance at December 31, 2020*	-	(877,364)	$ (877,364)
Net income	-	325,223	325,223
Balance at December 31, 2021 *	$ -	$ (552,141)	$ (552,141)
Convertible notes	140,000	-	140,000
Net income	-	172,502	172,502
Balance at December 31, 2022	$ 140,000	$ (379,639)	$ (239,639)

The accompanying notes are an integral part of these financial statements.

*Certain amounts shown here do not correspond to the 2021 and 2020 financial statements and reflect adjustments made. Refer to Note 11.

FRENCHIES, LLC

STATEMENT OF CASH FLOWS

For the years ended December 31, 2022, 2021(restated), and 2020 (restated)

	2022	2021*	2020*
Cash flows from operating activities:			
Net income	$ 172,502	$ 325,223	$ 254,609
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	22,045	25,106	12,607
Loss on disposal of assets	6,539	-	-
Changes in operating assets and liabilities:			
Deferred commissions	167,648	232,567	239,410
Employee retention credit receivable	-	(63,884)	(40,718)
Other current assets	650	-	-
Accounts payable	-	5,991	-
Credit card payable	(13,234)	-	-
Accrued interest	12,638	-	-
Deferred revenue	(191,500)	(320,550)	(429,284)
Net cash provided by operating activities	177,288	204,453	36,624
Cash flows from investing activities:			
Purchases of property and equipment	-	-	(45,024)
Note receivable	(39,500)	-	-
Net cash used in investing activities:	(39,500)	-	(45,024)
Cash flows from financing activities:			
Proceeds from note	500,000	-	116,410
Note payments	(86,875)	(217,823)	(91,485)
Related party note payments	(47,544)	-	-
Net cash provided by (used in) financing activities	365,581	(217,823)	24,925
Net change in cash	503,369	(13,370)	16,525
Cash at the beginning of the year	214,667	228,037	211,512
Cash at the end of the year	$ 718,035	$ 214,667	$ 228,037
Supplementary disclosures of cash flows			
Cash paid for interest	$ 47,351	$ 19,266	$ 58,176
Cash paid for taxes	$ -	$ -	$ -
Schedule of non-cash financing activities:			
Convertible notes converted to equity	$ 140,000	$ -	$ -

The accompanying notes are an integral part of these financial statements.

*Certain amounts shown here do not correspond to the 2021 and 2020 financial statements and reflect adjustments made. Refer to Note 11.

FRENCHIES, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022, 2021 (restated) and 2020 (restated)

(1) Nature of Operations and Summary of Significant Accounting Policies

(a) Nature of Operations

Frenchies, LLC ("the Company"), was organized as a limited liability company under the laws of the State of Colorado in March 2015 for the principal purpose of conducting franchise sales, marketing and management. Frenchies, LLC is a franchisor of businesses offering hand and foot care salon services for men and women.

The Company has developed a proprietary system for establishing, operating, managing, and marketing the franchised businesses. The Company offers two types of franchise businesses single unit business franchises and area development franchises.

The company uses the accrual basis of accounting, and a 12-month accounting period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Reclassification

Certain items in the prior year have been reclassified to conform to the current year's presentation.

(e) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included within cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions.

(f) Property and Equipment

Property and equipment are stated at historical cost and are depreciated using the straight-line method over the estimated useful lives of related assets. The useful lives generally range 5-7 yrs.

(g) Long Lived Assets

Long–lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows

expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the difference between the carrying amount of the asset and the fair value of the asset.

(h) Intangible Assets

The Company has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, Intangibles - Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as intellectual property) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Intangible asset consists of software costs amortized over three years using the straight-line method.

(i) Revenue Recognition

The Company's revenues consist of fees from franchisees such as initial franchise fees, royalties, ad fund fees, and transfer fees. The franchise agreements offered under the Company's Uniform Franchise Disclosure Document have a term of ten years and may be extended for an additional ten-year term. The initial franchise fee is $49,500 for a single unit. For franchisees buying multiple units under area development agreements, the initial franchise fee is $39,500 for the second unit and $29,500 per unit thereafter. Weekly royalty fees and ad fund fees are 5.5% and 2% respectively, of the franchisees' gross revenues.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources. Upon evaluation, the Company determined that the standard does not impact the Company's recognition of royalties and ad fund fees from locations operated by a franchisee, which are based on a percentage of monthly gross revenue and recognized at the time the underlying sales occur. The standard does have an impact on the process the Company uses to evaluate the recognition of initial fees.

In allocating the transaction price and recognizing the revenue associated with initial fees, the Company elected to adopt the practical expedient for private company franchisors outlined in "ASC 952-606, Franchisors—Revenue from Contracts with Customers". The practical expedient allows franchisors that are not public entities to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping

- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes or about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

Management has determined that the fair value of pre-opening services exceeds the initial fees received; as such, 100% of the initial fees for each location are allocated to the pre-opening services, and are recognized as revenue upon commencement of operations of the location.

Revenue from materials and services such as additional training is recognized upon provisioning/shipment and invoicing.

(j) Income Taxes

The entity is structured as a limited liability company (LLC) under the laws of the State of Colorado. A limited liability company is classified as a partnership for federal and state income tax purposes and, accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. The company was organized and began operations in 2015; accordingly, as of December 31, 2022, the following tax years are subject to examination:

Jurisdiction	Open Years for Filed Returns	Return Filed in 2022
Federal	2019 - 2021	2021
Colorado	2019 - 2021	2021

(k) Leases

The Company adopted ASC 842, "Leases" on January 1, 2022. The Company has two leases for office space and warehouse space that are classified as short-term leases under ASC 842. Please also see note (9) Operating Leases. The Company has made an accounting policy election not to recognize the right-of-use assets and lease liabilities that arise from short-term leases. Rent payments for leases with a term of 12 months or less at commencement will continue to be recognized in the statement of operations over the lease term.

(l) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2022, 2021, and 2020 were $272,629, $226,209 and $408,871, respectively. Advertising costs are included in marketing expenses on the statement of operations.

(m) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(n) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Employee Retention Credit Receivable

The Employee Retention Credit is a refundable tax credit against certain employment taxes equal to 50% of up to $10,000 for 2020 and 70% of up to $7,000 for 2021 in qualified wages per quarter an eligible employer paid to employees. The credit was extended under Section 2301 of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") as many businesses continued to be severely impacted by coronavirus (COVID-19). Company's management have determined it is eligible for the Employee Retention Credit and the Company's PEO has applied for Q2 and Q3 2020 and Q4 2021. The Company's PEO is also going to apply for Q1 2021. The ERC receivable is the total anticipated amount the Company will receive for all quarters applied for or to be applied for.

(3) Note Receivable

In July 2022 the Company sold a franchise for $49,500. Proceeds from the transaction were cash of $10,000 and a note receivable for $39,500. The note receivable is noninterest bearing and was to have been paid within sixty days of the date the franchise agreement was signed. As the franchisee could not make the payment during the remainder of 2022, the terms of payment have been modified subsequently in 2023. The franchisee paid $15,000 in January 2023 and the remaining balance is to be paid off in nine monthly installments of $2,500 and one monthly installment of $2,000.

(4) Property and Equipment

Property and equipment consist of the following as of December 31:

	2022	2021	2020
Furniture and equipment	$ 45,440	$ 45,440	$ 45,440
Leasehold improvements	-	10,462	10,462
	45,440	55,902	55,902
Less accumulated depreciation	(33,983)	(30,832)	(20,698)
	$ 11,457	$ 25,070	$ 35,204

Depreciation expense for the years ended December 31, 2022, 2021 and 2020 was $7,073, $10,134, and $8,864.

(5) Intangible Asset

Intangible asset consists of the following as of December 31:

	2022	2021	2020
Software	$ 44,915	$ 44,915	$ 44,915
	44,915	44,915	44,915
Less accumulated amortization	(33,686)	(18,715)	(3,743)
	$ 11,229	$ 26,200	$ 41,172

Amortization expense for the years ended December 31, 2022, 2021 and 2020 was $14,972, $14,972 and $3,743, respectively. Estimated amortization expense is $11,228 for 2023.

(6) Deferred Commissions and Revenue

In accordance with its revenue policy, the Company has contract assets of deferred commissions and contract liabilities of deferred revenue. Deferred revenue for locations that have not commenced operations as of December 31, 2022 is $658,000. As it is not known how many locations will commence operations in the next twelve-month period, the full amount of deferred revenue has been classified as non-current. Associated deferred commissions are $476,647, also classified as non-current. Deferred revenue as of December 31, 2021 and 2020 was $849,500 and $1,170,050, respectively. As of December 31, 2021 and 2020, deferred commissions were $644,295 and $876,862, respectively.

(7) Notes Payable

Notes payable consists of the following as of December 31:

	2022
Unsecured and noninterest bearing promissory note due upon demand. It is not anticipated to be paid within twelve months so it has been classified as long term.	$ 120,000
7.110% related party promissory note secured by assets of related party and personally guaranteed by members, with monthly payments of $5,441, maturing in April 2027	260,724
3.75% EIDL SBA promissory note secured by assets of the Company, maturing in April 2052, requires monthly payments of $2,575 beginning in October 2024. Accrued interest is $12,638 as of December 31, 2022.	500,000
Total long-term debt	880,724
Less current installments	(48,303)
Long term debt, net of current installments	$ 832,421

The balance of the first note above as of December 31, 2021 and 2020 was $175,000. As of December 31, 2021 and 2020 in addition to the notes payable above, the Company also had the convertible notes discussed in Note 8 as well as another note payable to US Bank. The note had monthly payments of $968, was secured by the assets of the Company and the members personal guaranty, bore interest of 6% per annum, and had a maturity date of June 10, 2024. The balance of the note as of December 31, 2021 and 2020 was $31,876 and $40,757, respectively. The note was paid in full during 2022.

Aggregate annual maturities of long term debt are as follows as of December 31, 2022.

2023	$	48,303
2024		54,453
2025		66,315
2026		70,810
2027		56,641
Thereafter		631,554
	$	928,076

Maturities of long term debt include $47,352 of accrued interest for the EIDL note assuming no payments are made until they are required beginning in October 2024.

(8) Members' Equity

During 2022 two convertible promissory notes totaling $140,000 were converted to membership interests. The promissory notes converted automatically into units of membership interest in the Company at the maturity dates of the notes at a conversion price equal to the quotient of $10,000,000 divided by the aggregate number of outstanding units the Company had as of the maturity dates, which was 1,000,000. Previous membership interests for other members decreased upon conversion by the converted membership interests of 1.4%.

(9) Operating Leases

The Company has two short term leases for office space and warehouse space. The monthly office space lease payments are $1,937. The minimum monthly warehouse lease payments are $425 a month plus a labor rate of $25 per hour to receive, pack and ship. Labor rates are estimated to range from $775 to $1,575 a month. For 2023 the monthly flat warehouse rent increased to $500 plus rate of $28 per labor hour. The Company's rent expense was $40,756, $27,012 and $29,558 for the years ended December 31, 2022, 2021, and 2020, respectively.

(10) Affiliated Businesses and Related Party Transactions

As a result of common ownership, the Company is affiliated with Frenchies Revolution, LLC. Frenchies Revolution owns and operates an existing nail studio, which opened on February 14, 2014, similar to the franchises offered by the Company. Frenchies Revolution, LLC pays royalty fees, ad fund fees and technology fees to the Company. Royalty fees, ad fund fees and technology fees received from the affiliate for the year ended December 31, 2022 were $28,142, $10,982 and $5,268, respectively. Royalty fees, ad fund fees and technology fees received from the affiliate for the year ended December 31, 2021 were $26,201, $9,528 and $5,268, respectively. The affiliate paid royalty fees, ad fund fees and technology fees of $21,547, $7,835 and $4,788, respectively during 2020.

The Company's principals also own a company called Double Lane Enterprises, LLC that owns and operates fitness centers. The Company received a loan from Double Lane Enterprises to help with operating costs. Please see Note 7 Notes Payable related promissory note. Double Lane Enterprises received a note from a lender and transferred the proceeds to the Company. The Company makes the majority of the note payments directly to the lender. As of December 31, 2021 and 2020, the related party loan balance was $308,268 and $399,400, respectively. During 2022 and 2020, the Company paid Double Lane Enterprises $12,161 and $21,517 respectively, for portions of payments and interest paid on behalf of the Company.

(11) Restatement – Correction of Errors

The financial statements for the years ended December 31, 2021 and 2020 have been restated to correct certain errors. During 2022 management discovered the initial fees and commissions for some of the franchise sales included in the Company's schedule of deferred revenue and commissions were incorrect and did not agree to amounts per franchise agreements and invoices. Management also discovered several commissions were missing from the schedule. The results of the restatements for 2020 are a decrease in deferred revenue of $160,950 and increases in deferred commissions and retained earnings of $445,162 and $606,112, respectively. On the statement of operations franchise fees and general and administrative expenses decreased by $881,716 and $697,490, respectively resulting in a decrease of 2020 net income of $184,226. The results of the restatements for 2021 are a decrease in deferred revenue of $233,380 and increases in deferred commissions and retained earnings of $337,445 and $570,825, respectively. Franchise fees and general and administrative expenses increased by $72,430 and $107,717, respectively and 2021 net income decreased by $35,287 on the statement of operations.

(12) Commitments and Contingencies

(a) Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(13) Covid-19 Contingency

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus ("COVID-19") as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through 2020, 2021 and 2022 and subsequent to the fiscal year end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company's operations, reducing revenue from both new and existing franchisees. The extent of the impact of COVID-19 on the Company's future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company's customers and vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company's future financial condition or results of operations is uncertain.

(14) Date of Management's Review

Management has reviewed and evaluated subsequent events through May 5, 2023, the date on which the financial statements were issued.

THE BALANCE SHEET OF FRENCHIES, LLC AS OF NOVEMBER 30, 2023, AS WELL AS FRENCHIES, LLC'S PROFIT AND LOSS STATEMENT FOR THE INTERIM PERIOD BEGINNING JANUARY 1, 2023, AND ENDING NOVEMBER 30, 2023, HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Frenchies Modern Nail Care
Balance Sheet (unaudited)
As of November 30, 2023

	Total
ASSETS	
Current Assets	
Bank Accounts	
Total Bank Accounts	**$ 455,773.84**
Accounts Receivable	
15000 Accounts Recievable	0.00
Total Accounts Receivable	**$ 0.00**
Other Current Assets	
11000 Inventory Asset	0.00
11100 Accrued Revenue	13,009.80
15300 Due from 861 SouthPark	0.00
15400 Due from Littleton	0.00
15600 Other Receivables, Current	5,440.56
15700 Security Deposits Asset	425.00
15800 Employee Retention Credit Receivable	63,884.00
15900 Notes Receivable, Current	21,500.00
16000 Prepaid Expenses	8,000.00
Total Other Current Assets	**$ 112,259.36**
Total Current Assets	**$ 568,033.20**
Fixed Assets	
12000 Depreciable Assets	
12200 Leasehold Improvements	0.00
12250 Furniture and Equipment	45,440.19
12300 Software	44,915.00
12900 Accumulated Depreciation	-52,697.45
12950 12950 Accumulated Amortization	-14,791.67
Total 12000 Depreciable Assets	**$ 22,866.07**
Total Fixed Assets	**$ 22,866.07**
Other Assets	
13000 Goodwill	3,786,228.57
15100 Prepaid Commission	476,647.00
15200 Lease Deposit	0.00
15210 Prepaid Rent	0.00
Total Other Assets	**$ 4,262,875.57**
TOTAL ASSETS	**$ 4,853,774.84**

LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
20000 Accounts Payable		17,425.00
Total Accounts Payable	**$**	**17,425.00**
Credit Cards		
25000 US Bank Visa Card 1891		18,681.68
Total Credit Cards	**$**	**18,681.68**
Other Current Liabilities		
20005 Accrued Expense		38,209.37
Total Other Current Liabilities	**$**	**38,209.37**
Total Current Liabilities	**$**	**74,316.05**
Long-Term Liabilities		
27001 Deferred Revenue		613,500.00
27100 Long Term Debt		0.00
27110 Accumulated Amortization		0.00
27120 Debt Insurance Cost		0.00
27200 EIDL Loan		0.00
Total Long-Term Liabilities	**$**	**613,500.00**
Total Liabilities	**$**	**687,816.05**
Equity		
Total 31000 Capital	**$**	**0.00**
31100 Distributions		0.00
Total 31100 Distributions	**$**	**0.00**
32000 Retained Earnings		283,836.57
33000 Subsidiary Investment		4,084,052.62
61704 Contributions		0.00
Net Income		-201,930.40
Total Equity	**$**	**4,165,958.79**
TOTAL LIABILITIES AND EQUITY	**$**	**4,853,774.84**

Frenchies Modern Nail Care
Profit and Loss (unaudited)
January - November, 2023

	Total
Income	
37010 Royalties Income	786,154.18
37020 Technology Fee.	
37021 Technology Fee Income	114,640.00
37022 Technology Fees	-125,053.78
Total 37020 Technology Fee.	**-$ 10,413.78**
37030 Branded Product	
37031 Branded Product Income	125,311.90
37032 Branded Product Cost	-93,289.98
Total 37030 Branded Product	**$ 32,021.92**
37201 Territory Fees	44,500.00
37202 Territory Transfer Fee	2,500.00
37999 Ad Fund Revenue	42,348.05
38000 Vendor Rebates	11,399.86
37103 Gheen & Company	3,877.28
37110 Righteous Clothing	61.03
37116 Heartland	1,343.32
37117 The Gel Bottle	2,140.14
38100 Universal Companies	22,304.91
Total 38000 Vendor Rebates	**$ 41,126.54**
48800 Event Sponsorship Income	500.00
Total Income	**$ 938,736.91**
Gross Profit	**$ 938,736.91**
Expenses	
50001 SELLING EXPENSES	
50020 In Field Training	
50021 Airfare	10,138.83
50022 Ground Transportation	2,302.67
50024 Parking	136.66
50025 Lodging	2,454.89
50026 Meals and Entertainment	6,334.28
Total 50020 In Field Training	**$ 21,367.33**
50105 Lead Generation Marketing	55,046.05
50110 Software/Technology Fee	18,869.54
50200 New Franchise Training	
50203 Ground Transportation	40.98
50205 Meals and Entertaining	326.75

Total 50200 New Franchise Training	**$**	**367.73**
50250 Consulting		2,504.66
50252 Other Consulting		1,067.00
Total 50250 Consulting	**$**	**3,571.66**
54301 On Site Franchise Training		
54302 On Site Meals and Entertainment		685.44
Total 54301 On Site Franchise Training	**$**	**685.44**
Total 50001 SELLING EXPENSES	**$**	**99,907.75**
55000 MARKETING EXPENSES		574.75
50005 IFA Conference		1,398.00
50230 Discovery Days		
50236 Ground Transportation		433.20
50237 Lodging		769.37
50239 Meals and Entertainment		480.85
Total 50230 Discovery Days	**$**	**1,683.42**
50240 Frenchies Annual Conference		
20458 Lodging		3,499.50
50245 Ground Transportation		55.42
50249 Meals		749.16
Total 50240 Frenchies Annual Conference	**$**	**4,304.08**
55800 Payroll Expenses		
62405 Payroll		94,170.00
62406 Payroll ER Tax Expense		7,904.88
62407 EE Benefits, Net		107.52
62408 Workers' Comp Charge		649.70
62409 Insperity Allocation		2,669.27
Total 62405 Payroll	**$**	**105,501.37**
Total 55800 Payroll Expenses	**$**	**105,501.37**
60100 Advertising and Promotion		79,245.63
62600 Marketing		14,877.41
62601 Complimentary Service Marketing		7,606.14
62603 Public Relation Expense		61,775.45
62604 Promotional		1,930.50
Total 55000 MARKETING EXPENSES	**$**	**278,896.75**
60000 OPERATING EXPENSES		
60800 Payroll Expenses		
60002 Administrative Help		459.70
66080 Payroll Expenses		299,768.59
66081 Payroll ER Tax Expense		17,662.79
66082 Employee Benefits, Net		30,919.19
66083 Workers' Comp Charge		2,365.89
66084 Insperity Allocation		9,884.01

Total 66080 Payroll Expenses	**$ 360,600.47**
Total 60800 Payroll Expenses	**$ 361,060.17**
62100 Insurance & Finance	
51800 Merchant Account Fees	3,516.38
60400 Bank Service Charges	1,304.65
61000 Business Licenses and Permits	785.00
63400 Loan Interest Expense	80,162.97
Total 62100 Insurance & Finance	**$ 85,769.00**
66700 Professional Fees	
66701 Accounting	10,575.00
66702 Annual Audit	7,600.00
66703 Tax Preparation	10,273.75
66704 Virtual Assistant	20,878.23
66705 Finance	75,400.00
67800 Legal	43,912.67
Total 66700 Professional Fees	**$ 168,639.65**
67000 Office Expenses	828.78
61700 Computer and Internet Expenses	2,975.04
61701 Research and Development	1,809.11
61702 Equipment Expense	105.00
62500 Dues and Subscriptions	2,880.51
62501 Charitable Contribution	1,500.00
64900 Office Supplies	1,906.31
64902 Postage and Shipping Supplies	8,248.50
Total 67000 Office Expenses	**$ 20,253.25**
67101 Building Expenses	
67100 Rent Expense	23,561.78
67102 Warehouse Rent	33,384.00
Total 67101 Building Expenses	**$ 56,945.78**
68400 Travel Expense	114.90
68401 Air Transportation	4,773.15
68402 Ground Transportation	4,470.35
68403 Lodging	6,973.23
68404 Meal and Entertainment	2,806.32
68405 Parking	1,698.02
Total 68400 Travel Expense	**$ 20,835.97**
68500 Taxes & License	7,418.00
Total 60000 OPERATING EXPENSES	**$ 720,921.82**
SUSPENSE	0.00
Uncategorized Expense	2,109.00
Total Expenses	**$ 1,101,835.32**
Net Operating Income	**-$ 163,098.41**

Other Income		
70200 Interest Income		2,090.63
70502 Settlement Income		15,000.00
Total Other Income	**$**	**17,090.63**
Other Expenses		
85010 Deal Expense		55,922.62
Total Other Expenses	**$**	**55,922.62**
Net Other Income	**-$**	**38,831.99**
Net Income	**-$**	**201,930.40**

EXHIBIT G

FRENCHIES, LLC

FRANCHISE DISCLOSURE DOCUMENT

STATE-SPECIFIC ADDENDA TO
FRANCHISE DISCLOSURE DOCUMENT

ADDENDUM TO FRENCHIES, LLC d/b/a FRENCHIES FRANCHISE DISCLOSURE DOCUMENT AS REQUIRED BY THE CALIFORNIA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the FRENCHIES, LLC Franchise Disclosure Document, the following provisions of the California Investment Law will supersede and apply to all Frenchies franchises offered and sold in the State of California, which will control to the extent of any inconsistency:

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

2. Section 31125 of the California Corporations Code requires us to give you a disclosure document in a form containing the information that the commissioner may by rule or order require before a solicitation of a proposed material modification of an existing franchise.

   We maintain the website found at the URL address: www.frenchiesnails.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

3. Item 3 of the Franchise Disclosure Document is supplemented by the additional paragraph.

   > "Neither Frenchies nor any person described in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange."

4. Item 6 is amended by adding the following to the Remarks in the "Interest on Late Payments" section:

   The maximum allowable interest rate in California is 10% per annum.

5. Item 17 of the FDD and corresponding provisions in the Franchise Agreement and Area Development Agreement are amended by the insertion of the following:

   The regulations of the California Department of Financial Protection and Innovation require that the following information concerning provisions of the franchise agreement be disclosed to you:

   The California Franchise Relations Act provides rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C.A. §§ 101, *et seq.*

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise agreement. This provision may not be enforceable under California law.

The franchise agreement requires the application of the laws of Colorado. This provision may be unenforceable under California law.

The franchise agreement contains a waiver of punitive damages and a jury trial. These provisions may not be enforceable under California law.

The franchise agreement requires binding mediation or arbitration. The mediation or arbitration will occur in the city closest to our principal executive office. These provisions may not be enforceable under California law. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws to the provisions of the franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code § 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. California Corporations Code § 31512 voids a waiver of your rights under the California Franchise Investment Law. California Business and Professions Code § 20010 voids a waiver of your rights under the California Franchise Relations Act.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. OUR WEBSITE AT WWW.FRENCHIESNAILS.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at WWW.DFPI.CA.GOV.

8. THE FRANCHISE HAS BEEN/WILL BE REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

9. Fee Deferral. The Department has determined that we, the Franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California Franchisees until we have completed all of our pre-opening obligations and

you are open for business. For California Franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF ILLINOIS

For franchises and franchisees/developers subject to the Illinois Franchise Disclosure Act of 1987 and the Illinois General Rules and Regulations under the Franchise Disclosure Act, the following information supersedes or supplements the corresponding disclosures in the main body of the text of the Frenchies, LLC d/b/a Frenchies Franchise Disclosure Document.

Item 17 will be supplemented to include the following disclosure:

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

The franchise agreement provides that the law of a forum outside of Illinois applies. However, the foregoing choice of law clause should not be considered a waiver of any right conferred upon you by the provisions of the Illinois Franchise Disclosure Act of 1987 and the Rules and Regulations under the Act with respect to the offer and sale of a franchise and the franchise relationship. Where required under Illinois law, the laws of the State of Illinois will govern.

Any provision that designates jurisdiction or venue or requires the franchisee/developer to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that is otherwise enforceable in Illinois, except mediation may take place outside the State of Illinois.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 and the Illinois General Rules and Regulations are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

Notwithstanding anything to the contrary in the Frenchies, LLC d/b/a Frenchies Franchise Disclosure Document, Franchise Agreement, or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the State of Maryland.

1. Item 17 of the Franchise Disclosure Document is amended as follows:

"Termination for bankruptcy filing may not be enforceable under the United States Bankruptcy Act, but we intend to enforce it to the extent enforceable."

2. Items 17(c) and 17(m) are revised to provide that, under COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17(v) and (w) are modified by the insertion of the following:

"Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

6. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

ADDENDUM TO FRENCHIES, LLC d/b/a FRENCHIES
FRANCHISE DISCLOSURE DOCUMENT REQUIRED
FOR THE STATE OF MINNESOTA

For franchises and franchisees/developers subject to the Minnesota Franchise Act, the following information supersedes or supplements the corresponding disclosures in the main body of the text of the **FRENCHIES, LLC** d/b/a FRENCHIES Franchise Disclosure Document.

Item 5

The State of Minnesota has required a financial assurance. Therefore, Franchisor has agreed to defer all initial fees owed by Franchisee to Franchisor until Franchisor has fulfilled all pre-opening obligations to Franchisee and Franchisee has commenced doing business pursuant to the Franchise Agreement. The State of Minnesota imposed this deferral requirement due to our financial condition. You may contact the state agency listed in Exhibit A for more information.

Item 13

FRENCHIES, LLC d/b/a FRENCHIES will protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or will indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand arising out of or related to the use of the marks to the extent required by Minnesota law.

Item 17

Minnesota law provides franchisees and developers with certain termination and nonrenewal rights. As of the date of this disclosure document, Minn. Stat. § 80C.14, *subds*. 3, 4, and 5 require, except in certain specified cases, that: (1) a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement; and (2) that our consent to your transfer of the franchise will not be unreasonably withheld.

Minn. Stat. § 80C.21 provides that any condition, stipulation, or provision—including any choice of law provision—purporting to bind any person who, at the time of acquiring a franchise, is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§ 80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. § 80.C.21 and Minn. Rule 2860.4400J prohibit **FRENCHIES, LLC** d/b/a FRENCHIES from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Disclosure Document or agreements can abrogate or reduce: (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C; or (2.) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

To the extent you are required to execute a general release in favor of **FRENCHIES, LLC** d/b/a FRENCHIES, that release will exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq*. as provided by Minn. Rule 2860.4400J.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the Minnesota Franchise Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NEW YORK

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 ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS 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 deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective Rev. March 17, 2021 2 injunctive or restrictive order relating to any other business activity as a result of an action brought by a

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2023-24 FRANCHISE DISCLOSURE DOCUMENT

public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

   The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the State of New York and General Business Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NORTH DAKOTA

For franchises and franchisees/developers subject to the North Dakota Franchise Investment Law, the following information replaces or supplements the corresponding disclosures in the main body of the text of the Frenchies, LLC d/b/a Frenchies Franchise Disclosure Document:

Item 17.

The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law to the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 17I, and any other place it appears in the Franchise Disclosure Document and the Franchise Agreement.

Under the North Dakota Franchise Investment Law, any provision requiring franchisees/developers to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void. Any mediation or arbitration will be held at a site agreeable to all parties. The laws of North Dakota will govern any dispute.

Covenants not to compete such as those mentioned in Item 17 of the Franchise Disclosure Document, Section 17 of the Franchise Agreement, and Section 13 of the Area Development Agreement are generally considered unenforceable in the State of North Dakota.

The Franchise Agreement and the Area Development Agreement include a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees/developers and is deemed deleted in each place it appears in the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement.

The Franchise Agreement and the Area Development Agreement require franchisees/developers to consent to a waiver of trial by jury. That requirement will not apply to North Dakota franchisees/developers and is deemed deleted in each place it appears in the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement.

The Franchise Disclosure Document, Franchise Agreement and Area Development Agreement state that franchisees/developers must consent to the jurisdiction of courts in the State of Colorado. That requirement will not apply to North Dakota franchisees/developers and is deemed deleted in each place it appears in the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement.

The Franchise Agreement and the Area Development Agreement require franchisees/developers to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees/developers and, instead, the statute of limitations under North Dakota law will apply.

For North Dakota franchisees/developers, the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

The Commissioner has determined that any requirement for franchisees/developers to consent to termination or liquidated damages is unfair, unjust, and inequitable within the intent of the North Dakota Franchise Investment Law. Any references in the Disclosure Document requiring franchisees/developers to consent to termination penalties or liquidated damages are deleted in Disclosure Document, Franchise Agreement, and Area Development Agreement.

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No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE RHODE ISLAND FRANCHISE INVESTMENT ACT

Notwithstanding anything to the contrary in the Frenchies, LLC d/b/a Frenchies Franchise Disclosure Document, Franchise Agreement, or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the State of Rhode Island.

This Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE VIRGINIA RETAIL FRANCHISING ACT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Frenchies, LLC d/b/a Frenchies for use in the Commonwealth of Virginia will be amended as follows:

Additional Disclosure: The following statement is added to Item 17.h:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise or area development agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT

Notwithstanding anything to the contrary in the Frenchies, LLC d/b/a Frenchies Franchise Disclosure Document, Franchise Agreement, or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the State of Washington.

This Washington Addendum is only applicable if you are a resident of Washington or if your business will be located in Washington.

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. In the event of a conflict of laws, to the extent required by the Act, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. To the extent required by the Act, a release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitation period for claims under the Act, rights or remedies under the Act, such as rights to jury trial might not be enforceable; however, we agree to enforce them to the extent the law allows.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. RCW 49.62.060 provides that no franchisor may restrict, restrain, or prohibit in any way a franchisee from soliciting or hiring an employee of another franchisee or of the franchisor.

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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2023-24 FRANCHISE DISCLOSURE DOCUMENT

ADDENDUM TO FRENCHIES, LLC D/B/A FRENCHIES FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE WISCONSIN FAIR DEALERSHIP LAW

Notwithstanding anything to the contrary in the Frenchies, LLC d/b/a Frenchies Franchise Disclosure Document, Franchise Agreement, or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Frenchies franchises offered and sold in the State of Wisconsin.

"The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document, Franchise Agreement and Development Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provision of the Franchise Agreement or Development Agreement that are inconsistent with the law Wis.Stat.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis.Code."

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the Wisconsin Franchise Law or the Rules and Regulations are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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2023-24 FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT H

FRENCHIES, LLC

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE QUESTIONNAIRE

FRANCHISEE QUESTIONNAIRE – PROSPECTIVE FRANCHISEES

Do not complete and/or sign this Questionnaire if you are a California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin resident or the business is to be operated in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin.

As you know, FRENCHIES, LLC (the "**Franchisor**") and you are preparing to enter into a Franchise Agreement for the operation of a franchised Frenchies® studio (the "**Franchise**"). The purpose of this Questionnaire is, in large part, to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest responses to each question.

QUESTION	YES	NO
1. Have you received and personally reviewed the Franchise Disclosure Document provided to you?		
2. Did you sign a receipt (Item 23) for the Franchise Disclosure Document indicating the date you received it?		
3. Do you understand all of the information contained in the Franchise Disclosure Document?		
4. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
5. Do you understand the terms of and your obligations under the Franchise Agreement?		
6. Are you legally eligible to work or own a business in the United States and/or Canada, including the state or province in which the Franchise will be located?		
7. Has any employee or other person speaking on behalf of the Franchisor made any statement or representation about the actual, average, or projected revenues or profits that you, Franchisor, or any of our franchisees have achieved in operating the Franchise, other than what is contained in the Franchise Disclosure Document?		
8. Has any employee or other person speaking on behalf of the Franchisor made any promise or agreement, other than the agreements contained in your Franchise Agreement, about advertising, marketing, media support, market penetration, training, support service or assistance, or any other material subject relating to the Franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?		
9. Has any employee or other person speaking on behalf of the Franchisor made any other oral, written, visual, or other promises, agreements, commitments, understandings, rightsof-first refusal, or otherwise to you about any matter, except as expressly set forth in the Franchise Agreement or in an attached written Amendment signed by you and us?		

QUESTION	YES	NO
10. Are you legally eligible to travel to and attend New Franchisee Training at one of our designated training centers in the United States? If you answer "no," please provide an explanation here: _____ _____ _____		
11. Are you currently involved in any other businesses/franchises that may interfere with the non-compete commitments in the FRENCHIES Franchise Agreement, or any other agreements you may have with other businesses/franchises? If yes, please describe the businesses/franchises here: _____ _____ _____		
12. Are there any contingencies, prerequisites, or other reservations existing (excluding obtaining financing for equipment or build-out of your Nail Studio) that will affect your ability to sign or perform your obligations under the Franchise Agreement?		
13. Have there been any changes in any of the information you have provided to us or our affiliates in connection with any application for the Franchise, or in any application, statement, or report you have provided to us? If yes, please describe the changes here: _____ _____ _____		
14. Have you been proven to have engaged in fraudulent conduct, or been convicted of, or plead guilty or no contest to, a felony or misdemeanor involving dishonesty or fraudulent conduct, or do you have any such charges pending? If yes, please describe all relevant facts on a separate sheet of paper and attach it to this Agreement.		
15. Have you, in the past 10 years, declared bankruptcy, or taken any action, or had any action taken against you, under any insolvency, bankruptcy, or reorganization act? If yes, please describe all relevant facts below. _____ _____ _____		
16. Have you brought, been named in, or been directly involved in any past or pending litigation or formal dispute resolution process? If yes, please describe all relevant facts below. _____ _____ _____		
17. Is there any information that might appear on a credit or criminal history report that you wish to disclose and/or address, knowing that failure to disclose such information may be considered grounds for denial of a franchise? If yes, please describe all relevant facts below. _____ _____ _____		

Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: _____

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 responded truthfully, completely, and correctly to the above questions. No representations contained in this Questionnaire are intended to or will act as a release, estoppel, or waiver of any liability incurred under any applicable franchise law.

All prospective franchisees applying please sign and date here:

_____	_____
APPLICANT SIGNATURE & DATE	APPLICANT SIGNATURE & DATE
_____	_____
APPLICANT SIGNATURE & DATE	APPLICANT SIGNATURE & DATE

EXHIBIT I

FRENCHIES, LLC

FRANCHISE DISCLOSURE DOCUMENT

FINANCING DOCUMENTS

MASTER EQUIPMENT LEASE AGREEMENT

Agreement # 99999
Federal Tax # 98-7654321

CUSTOMER INFORMATION

FULL LEGAL NAME OF CUSTOMER			STREET ADDRESS
Sample Customer, Inc. dba A Trade Name			**123 Broadway Street**
CITY	STATE	ZIP	PHONE
Alexandria	**MN**	**56308-2645**	**(320) 762-8400**

EQUIPMENT LOCATION: **123 Test Location, Alexandria, MN 56308-2645**

SUPPLIER INFORMATION

NAME OF SUPPLIER	STREET ADDRESS	CITY	STATE	ZIP	PHONE
Sample Vendor	**456 Anyplace Ave**	**Schenectady**	**NY**	**12345-0001**	**(888) 888-8888**

EQUIPMENT DESCRIPTION **Equipment Cost $17,995.00**

QUANTITY	ITEM DESCRIPTION	SERIAL #
1	Sample Equipment Description	

RENTAL TERMS	RENTAL PAYMENT AMOUNT	SECURITY DEPOSIT
Term in months **XX**	**XX Payments of $X,XXX.XX (w/o tax)** Plus applicable taxes	**$XXX.XX**
Rent Commencement Date:	Rental Payment Period is monthly unless otherwise indicated	

END OF LEASE TERMS: Provided the Master Equipment Lease Agreement (the "Agreement") has not terminated early and no event of default under the Agreement has occurred, Customer shall have the following options at the end of the original term. 1. Purchase the equipment for Fair Market Value (XX% of the Owner's original Equipment Cost) (plus applicable taxes) due in a single sum immediately upon expiration of the Lease. 2. Renew the Agreement per paragraph 1 of the Agreement. 3. Return the Equipment to a location designated by Owner per paragraph 5 of the Master Equipment Lease Agreement.

THIS IS A NONCANCELABLE/IRREVOCABLE AGREEMENT. THIS AGREEMENT CANNOT BE CANCELED OR TERMINATED BY CUSTOMER.

MASTER TERMS AND CONDITIONS (This Agreement contains provisions set forth on page 2 and any supplements and/or addendums, all of which are made part of this Agreement).

1. AGREEMENT: Customer agrees to rent from Owner the personal property described under "EQUIPMENT DESCRIPTION" and as modified by supplements and/or addendums to this Agreement from time to time signed by Customer and Owner (along with any upgrades, replacements, repairs and additions, "Equipment"). This Agreement may be modified only by written agreement, signed by Customer and Owner, and not by course of performance or dealing. The term of this Agreement will begin on the Rent Commencement Date as established by the above RENTAL TERMS and will continue for the number of consecutive months provided herein. **THE TERM WILL BE EXTENDED, IN ACCORDANCE WITH THE END OF LEASE TERMS, ON A MONTH TO MONTH RENTAL BASIS UNLESS CUSTOMER SENDS OWNER WRITTEN NOTICE OF CUSTOMER'S INTENTIONS AT LEAST THIRTY (30) DAYS BEFORE THE END OF THE ORIGINAL TERM, PROVIDED THAT THE MONTHLY PAYMENT SHALL BECOME DUE IF CUSTOMER FAILS TO REMIT THE PURCHASE OPTION AMOUNT TO OWNER OR RETURN THE EQUIPMENT AS PROVIDED HEREIN.** Customer authorizes Owner to insert in this Agreement the Rent Commencement Date, any serial numbers and other identification data about the Equipment, as well as any other omitted factual matters. This Agreement is the final agreement between the parties; any verbal or written communications prior to this Agreement are hereby superseded by this Agreement. If any provision of this Agreement is declared unenforceable in any jurisdiction, the other provisions herein shall remain in full force and effect in that jurisdiction and all others. **(CONTINUE ON PAGE 2)**

OWNER ACCEPTANCE

DATED (MM/DD/YYYY**):** _____

OWNER: **GENEVA CAPITAL, LLC**
1311 Broadway St, Alexandria, MN 56308

AUTHORIZED SIGNATURE: _____

TITLE: _____

CUSTOMER ACCEPTANCE

If transmitted electronically, via facsimile, email or similar means you agree that we may treat electronic record or a paper copy of the output received from electronic transmission as an original of this written Agreement.

DATED (MM/DD/YYYY)**:** _____

CUSTOMER: **Sample Customer, Inc. dba A Trade Name**

AUTHORIZED SIGNATURE: _____

TITLE: _____

PERSONAL GUARANTY: **As additional consideration for Owner to enter into this Master Equipment Lease Agreement ("Agreement"), the undersigned ("You") and for more than one guarantor, jointly, severally, absolutely, unconditionally, and continually personally guarantee that the Customer will make all payments and meet all obligations required under this Agreement and any supplements thereto fully and promptly. You agree that Owner may make other arrangements with the Customer and You waive all notice of those changes and will remain responsible for any and all payment and obligations under the Agreement. Owner does not have to notify You if the Customer is in default. If the Customer defaults, You will immediately pay in accordance with the default provisions of the Agreement all sums due under the terms of the Agreement and will perform all the obligations of the Agreement. If it is necessary for Owner to proceed legally to enforce this Guaranty, this Agreement will be deemed fully executed and performed in, and will be governed by and construed in accordance with the state law in accordance with Owner's or Its Assignee's principal place of business. You expressly consent to jurisdiction of any state or federal court in Owner's state or Its Assignee's principal place of business or any other court so chosen by Owner. YOU EXPRESSLY CONSENT TO GOVERNING LAW, VENUE PROVIDED HEREIN AND EXPRESSLY HEREBY WAIVE THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES YOU MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT. You agree to pay all costs, including attorneys' fees and costs incurred in enforcement of this Guaranty. You agree to be bound by paragraph 14 of this Agreement. It is not necessary for Owner to proceed first against the Customer or the equipment before enforcing this Guaranty against You.**

Jane S Doe		
Personal Guarantor (Printed Name)	**Personal Guarantor Signature**	**DATE ONLY (DO NOT SIGN TITLE)**
John P Doe		
Personal Guarantor (Printed Name)	**Personal Guarantor Signature**	**DATE ONLY (DO NOT SIGN TITLE)**

SAMPLE

2. NON-CANCELABLE LEASE: CUSTOMER'S OBLIGATION TO MAKE PAYMENTS, TO PAY OTHER SUMS WHEN DUE AND TO OTHERWISE PERFORM AS REQUIRED UNDER THE AGREEMENT IS ABSOLUTE AND UNCONDITIONAL AND SHALL NOT BE SUBJECT TO ANY ABATEMENT, REDUCTION, SETOFF, DEFENSE, OR COUNTERCLAIM WHICH CUSTOMER MAY HAVE AGAINST ANY PERSON FOR ANY REASON WHATSOEVER OR ANY MALFUNCTION, DEFECT OR INABILITY TO USE ANY ITEM OF EQUIPMENT.

3. RENT: The Agreement shall commence upon the Rent Commencement Date and shall end upon full performance by Customer in observance of all terms, conditions, and covenants set forth in the Agreement and any extension thereof. Rent shall be paid in advance and in the amount and frequency as provided herein plus any applicable taxes and fees including but not limited to sales tax, use tax, property tax, equipment protection fees, and late charges. The first such rental payment shall be due on the Rent Commencement Date and each subsequent payment will be due on the same day of each subsequent month or other frequency as explicitly provided for. Customer agrees that Customer owes Owner additional pro rata rent calculated as one-thirtieth ($1/30^{th}$) of the monthly rental amount per day from the earlier of the date of Equipment delivery or the date of advanced funding to Supplier until the Rent Commencement Date and the Agreement begins. Provided no events of default have occurred, Owner will allow Customer to pay off the Agreement early for an amount equal to the sum of all remaining unpaid rental payments, discounted to a net present value at a rate up to five percent (5%), plus the purchase option price.

4. OWNERSHIP OF EQUIPMENT: Owner has purchased the Equipment at the direction of Customer. Owner shall at all times have sole ownership and title to the Equipment. Customer warrants that the Equipment shall at all times remain personal property; the Equipment is removable from and is not essential to any premise upon which it is located regardless of attachment to realty, and Customer agrees to take such action at its expense as may be necessary to prevent any third party from acquiring any interest in the Equipment. This Agreement is a "true lease" and not a loan or installment sale. If this Agreement is held by a court not to be a "true lease" Customer hereby grants Owner a security interest in the Equipment and all proceeds arising therefrom. If any portion of the rent or other payments hereunder shall be deemed interest and such interest exceeds the highest rate permitted by applicable law, such excess interest shall be applied to your obligations to us or refunded if no obligations remain. Customer hereby authorizes Owner to file UCC financing statements as We deem necessary to protect Our interest, and Owner may charge a fee to cover related costs or at Owner's discretion a non-filing protection fee. The parties further agree that this Agreement is a "finance lease" under Article 2A of the Uniform Commercial Code ("UCC") and notwithstanding any determination to the contrary, Owner will have the rights and remedies of a lessor as if the Agreement were a "finance lease" under Article 2A of the UCC. To the extent permitted by applicable law, Customer hereby waives any and all rights conferred upon a lessee under UCC Article 2A-508 through 2A-522 as enacted by Minnesota Statute Sections 336.2A-508 through 336.2A-522 whether or not said statute is applicable, or other applicable law. Customer shall not alter the Equipment without prior consent from Owner. Any alterations or improvements to any item of Equipment shall be deemed accessions and shall be returned to Owner with the Equipment to Owner upon the Agreement expiration or earlier repossession. Customer shall maintain the Equipment in good repair, condition and working order. Customer shall furnish all parts, mechanisms, devices and labor required to keep the Equipment in such condition and pay all costs incident to the Equipment's operation.

5. LOCATION OF EQUIPMENT: Customer will keep and use the Equipment at Customer's Equipment Location on page 1 and Customer agrees not to move it unless Owner agrees to it in advance. At the end of the Agreement's term or upon termination for any other cause, unless Equipment is purchased or the Agreement is renewed, Customer will return the Equipment to a location Owner specifies at Customer's expense. The Equipment must have been inspected and tested by a source authorized by Owner and paid at Customer's expense documenting that the Equipment is in full working order, in complete repair and is in good retail condition acceptable to the Owner. Customer agrees to remove any and all sensitive data stored on Equipment or software at Customer's expense. Upon request, Customer shall advise Owner as to the exact location of the Equipment. Owner reserves the right to inspect the Equipment (by a source authorized by the Owner) at any time during normal business hours throughout the Agreement term and Customer shall permit Owner access to the Equipment for such purposes.

6. WARRANTIES: OWNER MAKES NO WARRANTY, REPRESENTATION, OR COVENANT, EXPRESS OR IMPLIED, THAT THE EQUIPMENT IS FIT FOR A PARTICULAR PURPOSE OR THE EQUIPMENT IS MERCHANTABLE. CUSTOMER SELECTED THE SUPPLIER AND EACH ITEM OF EQUIPMENT INCLUDED IN THIS AGREEMENT BASED UPON CUSTOMER'S OWN JUDGMENT AND DISCLAIM ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY OWNER. OWNER SHALL HAVE NO LIABILITY FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT, FOR ANY DELAY OR FAILURE BY SUPPLIER(S) TO DELIVER AND INSTALL THE EQUIPMENT OR TO PERFORM ANY SERVICES, OR WITH RESPECT TO THE SELECTION, INSTALLATION, TESTING, PERFORMANCE, QUALITY, MAINTENANCE, OR SUPPORT OF THE EQUIPMENT. THE SUPPLIER IS NOT AN AGENT OF OWNER'S AND NO REPRESENTATION BY SUPPLIER SHALL IN ANY WAY AFFECT CUSTOMER'S DUTY TO PAY THE RENTAL PAYMENTS AND PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT.

7. LOSS OR DAMAGE: Customer is responsible for the risk of loss, destruction of, or damage to the Equipment. No such loss or damage relieves Customer from the payment obligations under this Agreement. Customer agrees to promptly notify Owner in writing of any loss or damage and at Owner's discretion either pay to Owner the Accelerated Amount or repair or replace the Equipment so that the Equipment is returned to the condition required herein.

8. COLLATERAL PROTECTION & INSURANCE: Customer agrees to keep the Equipment fully insured against property damage and/or loss with Geneva Capital, LLC and its Assigns as Loss Payee in an amount not less than the original Equipment Cost until this Agreement is terminated. Customer also agrees to obtain a $500,000 comprehensive general liability insurance policy and to include Geneva Capital, LLC as an Additional Insured on the policy. Customer agrees to provide Owner with a complete certificate of insurance acceptable to Owner, before this Agreement begins. In the event the acceptable certificate is not received or later lapses, Customer further authorizes Owner as Customer's attorney-in-fact to enroll Customer in an equipment protection program through a third-party insurance provider and Customer agrees to pay a monthly administrative surcharge to Owner. Owner shall be under no obligation or duty to enroll Customer in such program and such coverage may not protect Customer's interests and may be at a higher cost than what Customer could arrange on its own. Any insurance proceeds will be paid to Owner and Customer grants Owner a power of attorney to effectuate such payments of insurance proceeds or negotiate checks. Insurance proceeds shall be applied to any loss or damage, but Customer shall remain liable for any balance due under this Agreement if insurance proceeds are insufficient to pay off the Lease. **NOTHING IN THIS PARAGRAPH WILL RELIEVE CUSTOMER OF CUSTOMER'S RESPONSIBILITY FOR PROPERTY AND LIABILITY INSURANCE COVERAGE ON THIS EQUIPMENT.**

9. INDEMNITY: Customer shall and does hereby agree to indemnify, defend and hold harmless Owner and any Assignee, and each of their directors, officers, employees, agents or affiliates from any and all claims, demands, actions, suits, proceedings, costs, expenses, damages, and liabilities (including attorneys' fees) arising out of, connected with or resulting from the delivery, possession, use, operation, maintenance, repair or return of Equipment by Customer or its employees, agents, customers or vendors. Customer's obligations under the preceding sentence shall survive expiration of any rental term or the termination of the Agreement.

10. TAXES AND FEES: Customer agrees to pay when due all taxes (including but not limited to sales tax, personal property tax, fines and penalties) relating to this Agreement or the Equipment on a monthly basis. If the Equipment is subject to personal property tax, Customer agrees to pay a monthly amount to Owner, beginning in the first year in which the taxes are assessed, calculated as 1/12th of the estimated personal property tax for the year as well as any administrative fees charged by the Owner for processing the tax filings. Such amount will be adjusted each year to reflect changes in the valuation of the Equipment. If the Equipment or use of the Equipment requires licensing or registration with any governmental authority, Customer shall, at Customer's expense, obtain and maintain such license or registration continuously during the term of this Agreement and pay all license and/or registration fees. Customer agrees Owner may make a profit on any administrative surcharge, or processing of any taxes and/or fees.

11. ASSIGNMENT: **CUSTOMER HAS NO RIGHT TO SELL, TRANSFER, ASSIGN OR SUBLEASE THE EQUIPMENT OR THIS AGREEMENT.** Owner may sell, assign, or transfer this Agreement. Customer agrees that if Owner sells, assigns, or transfers this Agreement, the new owner will have the same rights and benefits that Owner has now and will not have to perform any of Owner's obligations. Customer agrees that the rights of the new owner will not be subject to any claims, defenses, or set offs that Customer may have against Owner.

12. DEFAULT AND REMEDIES: If Customer does not pay any rental payment or other sum due to Owner when due, or if Customer breaches any of Customer's obligations in the Agreement or any other agreement with Owner, or if Customer or any Guarantor of Customer's obligations dies, becomes insolvent, files for or is the subject of a proceeding in bankruptcy, Customer will be in default. Customer agrees that a default under this Agreement or any other agreement between Customer and Owner shall constitute a default under all agreements at Owner's discretion. If any part of a payment is not received by Owner within 4 days of its due date, Customer agrees to pay a late charge of 15% of the payment which is late or $25.00, whichever is greater, or if less, the maximum charge allowed by law. If Customer is ever in default, Owner may do any of the following, each of which shall be cumulative: retain Customer's security deposit; elect not to renew any or all time-out controls programmed within the Equipment; proceed by appropriate court action(s) to enforce any right or remedy under this Agreement, at law or in equity, including any right under the UCC; recover interest on any unpaid payment from the date it was due until fully paid at the rate of 18% per annum or if less the highest rate permitted by law; without notice, cancel this Agreement whereupon all of Customer's rights to the use of the Equipment shall terminate, and Customer shall deliver possession of the Equipment to Lessor in accordance with this Agreement and Customer shall deliver possession of the Equipment to Lessor in accordance with this Agreement and Customer shall remain liable for all amounts due herein; take possession of any or all of the Equipment and sell, dispose of, hold, use or lease the Equipment; declare immediately due and payable, as liquidated damages for loss of bargain and not as a penalty (i) all accrued and unpaid rent and other accrued obligations hereunder, plus (ii) the sum of all unpaid rent for the remaining Agreement term plus the end of term purchase option price, both discounted to present value at a discount rate of 3% (the "Accelerated Amount") (the Accelerated Amount shall bear interest at a rate equal to 18% per annum or if less the highest rate permitted law). If any information supplied by Customer on the credit application or during the credit process is later found to have been falsified or misrepresented, Customer shall be considered in default and in addition to the preceding remedies, Owner may file criminal charges against Customer and prosecute to the fullest extent of the law. If Owner refers this Agreement to an attorney or collection agency for collection, Customer agrees to pay Owner reasonable attorney and collection fees and actual court costs. Customer further agrees that in the event of default, Owner shall be allowed to take possession of the Equipment and in the event of repossession transfers all ownership interest in said equipment to Owner. If Owner takes possession of the Equipment, Customer agrees to pay the cost of repossession including any damage to the Equipment or real property as a result of the repossession. Customer agrees that Owner will not be responsible to pay Customer any consequential or incidental damages for any default by Owner under this Agreement. Customer agrees that any delay or failure to enforce Owner's rights under this Agreement does not prevent Owner from enforcing any rights at a later time. Customer further authorizes Owner to obtain and use consumer credit reports as may be needed and Customer waives any right or claim Customer may otherwise have under the Fair Credit Reporting Act in absence of this continuing consent.

13. MISCELLANEOUS: The Security Deposit is to secure Customer's performance under this Agreement. Customer will pay the security deposit on the date Customer signs this Agreement. In the event this Agreement is not fully completed or consummated, the security deposit will be retained by Owner to compensate Owner for Owner's documentation, processing, collection efforts and other expenses. If all conditions herein are fully complied with and provided there are no events of default to this Agreement per paragraph 12, the security deposit will be refunded to Customer after the return of the Equipment in accordance with paragraph 5 or the Agreement is paid in full. This Agreement may be signed in counterparts that together will constitute one document. This Agreement may be executed by way of facsimile or electronic transmission, and if so, shall be treated as an original having the same binding legal effect. Only the counterpart of this Agreement that bears Owner's manually applied signature shall constitute the original chattel paper for purposes of possession. Any provision of this Agreement that is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement. Captions or paragraph headings are intended for convenience or reference only and shall not be construed to define, limit or describe the scope or intent of any provision hereof. Customer will promptly execute or otherwise authenticate and deliver to the Owner such further documents or take such further action as Owner may reasonably request in order to carry out the intent and purpose of this Agreement. Unless Customer provides Owner with written notice of non-acceptance of the Equipment within ten (10) days of Supplier's delivery of Equipment to Customer, the Equipment shall be deemed to be fully accepted and Agreement shall be fully valid and in force whether or not Customer has executed a Delivery & Acceptance Certificate. Upon Owner's request, Customer agrees to provide updated financial information (including but not limited to financial statements and tax returns).

14. LAW. THIS AGREEMENT WILL BE DEEMED FULLY EXECUTED AND PERFORMED IN OWNER'S OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS AND WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE STATE LAW IN ACCORDANCE WITH OWNER'S OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS. CUSTOMER EXPRESSLY CONSENTS TO JURISDICTION OF ANY STATE OR FEDERAL COURT IN OWNER'S STATE OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS OR ANY OTHER COURT SO CHOSEN BY OWNER. CUSTOMER EXPRESSLY CONSENTS TO GOVERNING LAW, VENUE PROVIDED HEREINAND EXPRESSLY HEREBY WAIVES THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES CUSTOMER MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT.

AUTHORIZED SIGNATURE **DATE**

MASTER EQUIPMENT LEASE AGREEMENT

Agreement # 99999
Federal Tax # 98-7654321

CUSTOMER INFORMATION

FULL LEGAL NAME OF CUSTOMER			STREET ADDRESS
Sample Customer, Inc. dba A Trade Name			**123 Broadway Street**
CITY	STATE	ZIP	PHONE
Alexandria MN 56308-2645	**(320) 762-8400**		

EQUIPMENT LOCATION: **123 Test Location, Alexandria, MN 56308-2645**

SUPPLIER INFORMATION

NAME OF SUPPLIER	STREET ADDRESS	CITY	STATE	ZIP	PHONE
Sample Vendor	**456 Anyplace Ave**	**Schenectady**	**NY**	**12345-0001**	**(888) 888-8888**

EQUIPMENT DESCRIPTION **Equipment Cost $17,995.00**

QUANTITY	ITEM DESCRIPTION	SERIAL #
1	Sample Equipment Description	

RENTAL TERMS	RENTAL PAYMENT AMOUNT	SECURITY DEPOSIT
Term in months **XX**	**XX Payments of $X,XXX.XX (w/o tax)** Plus applicable taxes	**$XXX.XX**
Rent Commencement Date:	Rental Payment Period is monthly unless otherwise indicated	

END OF LEASE TERMS: Provided the Master Equipment Lease Agreement (the "Agreement") has not terminated early and no event of default under the Lease has occurred, Customer shall purchase the equipment for $1.00 due in a single sum on the last day of the Rental Term.

THIS IS A NONCANCELABLE/IRREVOCABLE AGREEMENT. THIS AGREEMENT CANNOT BE CANCELED OR TERMINATED BY CUSTOMER.

MASTER TERMS AND CONDITIONS (This Agreement contains provisions set forth on page 2 and any supplements and/or addendums, all of which are made part of this Agreement)

1. AGREEMENT: Customer agrees to rent from Owner the personal property described under "EQUIPMENT DESCRIPTION" and as modified by supplements and/or addendums to this Agreement from time to time signed by Customer and Owner (along with any upgrades, replacements, repairs and additions, "Equipment"). This Agreement may be modified only by written agreement, signed by Customer and Owner, and not by course of performance or dealing. The term of this Agreement will begin on the Rent Commencement Date as established by the above RENTAL TERMS and will continue for the number of consecutive months provided herein. Customer authorizes Owner to insert in this Agreement the Rent Commencement Date, any serial numbers and other identification data about the Equipment, as well as any other omitted factual matters. This Agreement is the final agreement between the parties; any verbal or written communications prior to this Agreement are hereby superseded by this Agreement. If any provision of this Agreement is declared unenforceable in any jurisdiction, the other provisions herein shall remain in full force and effect in that jurisdiction and all others. (CONTINUE ON PAGE 2)

OWNER ACCEPTANCE

DATED (MM/DD/YYYY**):** _____

OWNER: **GENEVA CAPITAL, LLC**
1311 Broadway St, Alexandria, MN 56308

AUTHORIZED SIGNATURE: _____

TITLE: _____

CUSTOMER ACCEPTANCE

If transmitted electronically, via facsimile, email or similar means you agree that we may treat electronic record or a paper copy of the output received from electronic transmission as an original of this written Agreement.

DATED (MM/DD/YYYY)**:** _____

CUSTOMER: **Sample Customer, Inc. dba A Trade Name**

AUTHORIZED SIGNATURE: _____

TITLE: _____

PERSONAL GUARANTY: **As additional consideration for Owner to enter into this Master Equipment Lease Agreement ("Agreement"), the undersigned ("You") and for more than one guarantor, jointly , severally, absolutely, unconditionally, and continually personally guarantee that the Customer will make all payments and meet all obligations required under this Agreement and any supplements thereto fully and promptly. You agree that Owner may make other arrangements with the Customer and You waive all notice of those changes and will remain responsible for any and all payment and obligations under the Agreement. Owner does not have to notify You if the Customer is in default. If the Customer defaults, You will immediately pay in accordance with the default provisions of the Agreement all sums due under the terms of the Agreement and will perform all the obligations of the Agreement. If it is necessary for Owner to proceed legally to enforce this Guaranty, this Agreement will be deemed fully executed and performed in, and will be governed by and construed in accordance with the state law in accordance with Owner's or Its Assignee's principal place of business. You expressly consent to jurisdiction of any state or federal court in Owner's state or Its Assignee's principal place of business or any other court so chosen by Owner. YOU EXPRESSLY CONSENT TO THE GOVERNING LAW, VENUE PROVIDED HEREINAND EXPRESSLY HEREBY WAIVE THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES YOU MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT. You agree to pay all costs, including attorneys' fees and costs incurred in enforcement of this Guaranty. You agree to be bound by paragraph 14 of this Agreement. It is not necessary for Owner to proceed first against the Customer or the equipment before enforcing this Guaranty against You.**

Jane S Doe
Personal Guarantor (Printed Name) **Personal Guarantor Signature** **DATE ONLY (DO NOT SIGN TITLE)**

John P Doe
Personal Guarantor (Printed Name) **Personal Guarantor Signature** **DATE ONLY (DO NOT SIGN TITLE)**

SAMPLE

2. NON-CANCELABLE LEASE. CUSTOMER'S OBLIGATION TO MAKE PAYMENTS, TO PAY OTHER SUMS WHEN DUE AND TO OTHERWISE PERFORM AS REQUIRED UNDER THE AGREEMENT IS ABSOLUTE AND UNCONDITIONAL AND SHALL NOT BE SUBJECT TO ANY ABATEMENT, REDUCTION, SETOFF, DEFENSE, OR COUNTERCLAIM WHICH CUSTOMER MAY HAVE AGAINST ANY PERSON FOR ANY REASON WHATSOEVER OR ANY MALFUNCTION, DEFECT OR INABILITY TO USE ANY ITEM OF EQUIPMENT.

3. RENT. The Agreement shall commence upon the Rent Commencement Date and shall end upon full performance by Customer in observance of all terms, conditions, and covenants set forth in the Agreement and any extension thereof. Rent shall be paid in advance and in the amount and frequency as provided herein plus any applicable taxes and fees including but not limited to sales tax, use tax, property tax, equipment protection fees, and late charges. The first such rental payment shall be due on the Rent Commencement Date and each subsequent payment will be due on the same day of each subsequent month or other frequency as explicitly provided for. Customer agrees that Customer owes Owner additional pro rata rent calculated as one-thirtieth (1/30th) of the monthly rental amount per day from the earlier of the date of Equipment delivery or the date of advanced funding to Supplier until the Rent Commencement Date and the Agreement begins. Provided no events of default have occurred, Owner will allow Customer to pay off the Agreement early for an amount equal to the sum of all remaining unpaid rental payments, discounted to a net present value at a rate up to five percent (5%).

4. OWNERSHIP OF EQUIPMENT: Owner has financed the Equipment purchase at the direction of Customer. As this Agreement contains a $1.00 purchase option, Customer shall have title to the Equipment and keep it free from all other liens and encumbrances. Customer hereby grants Lessor a security interest in the Equipment and all proceeds arising therefrom. If any portion of the rent or other payments hereunder shall be deemed interest and such interest exceeds the highest rate permitted by applicable law, such excess interest shall be applied to your obligations to us or refunded if no obligations remain. Customer hereby authorizes Owner to file UCC financing statements as We deem necessary to protect Our interest, and Owner may charge a fee to cover related costs or at Owner's discretion a non-filing protection fee. The parties further agree that this Agreement is a "finance lease" under Article 2A of the Uniform Commercial Code ("UCC") and notwithstanding any determination to the contrary, Owner will have the rights and remedies of a lessor as if the Agreement were a "finance lease" under Article 2A of the UCC. To the extent permitted by applicable law, Customer hereby waives any and all rights conferred upon a lessee under UCC Article 2A-508 through 2A-522 as enacted by Minnesota Statute Sections 336.2A-508 through 336.2A-522 whether or not said statute is applicable, or other applicable law. Customer shall not alter the Equipment without prior consent from Owner. Any alterations or improvements to any item of Equipment shall be deemed accessions and shall be returned to Owner with the Equipment to Owner upon the Agreement expiration or earlier repossession. Customer shall maintain the Equipment in good repair, condition and working order. Customer shall furnish all parts, mechanisms, devices and labor required to keep the Equipment in such condition and pay all costs incident to the Equipment's operation.

5. LOCATION OF EQUIPMENT: Customer will keep and use the Equipment at Customer's Equipment Location on page 1 and Customer agrees not to move it unless Owner agrees to it in advance. Upon an approved early termination of the Agreement or upon Owner's election of remedy per the default provisions contained herein, Customer will return the Equipment to a location Owner specifies at Customer's expense. The Equipment must have been inspected and tested by a source authorized by Owner and paid at Customer's expense documenting that the Equipment is in full working order, in complete repair and is in good retail condition acceptable to the Owner. Customer agrees to remove any and all sensitive data stored on Equipment or software at Customer's expense. Upon request, Customer shall advise Owner as to the exact location of the Equipment. Owner reserves the right to inspect the Equipment (by a source authorized by the Owner) at any time during normal business hours throughout the Agreement term and Customer shall permit Owner access to the Equipment for such purposes.

6. WARRANTIES: OWNER MAKES NO WARRANTY, REPRESENTATION, OR COVENANT, EXPRESS OR IMPLIED, THAT THE EQUIPMENT IS FIT FOR A PARTICULAR PURPOSE OR THE EQUIPMENT IS MERCHANTABLE. CUSTOMER SELECTED THE SUPPLIER AND EACH ITEM OF EQUIPMENT INCLUDED IN THIS AGREEMENT BASED UPON CUSTOMER'S OWN JUDGMENT AND DISCLAIM ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY OWNER. OWNER SHALL HAVE NO LIABILITY FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT, FOR ANY DELAY OR FAILURE BY SUPPLIER(S) TO DELIVER AND INSTALL THE EQUIPMENT OR TO PERFORM ANY SERVICES, OR WITH RESPECT TO THE SELECTION, INSTALLATION, TESTING, PERFORMANCE, QUALITY, MAINTENANCE, OR SUPPORT OF THE EQUIPMENT. THE SUPPLIER IS NOT AN AGENT OF OWNER'S AND NO REPRESENTATION BY SUPPLIER SHALL IN ANY WAY AFFECT CUSTOMER'S DUTY TO PAY THE RENTAL PAYMENTS AND PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT.

7. LOSS OR DAMAGE: Customer is responsible for the risk of loss, destruction of, or damage to the Equipment. No such loss or damage relieves Customer from the payment obligations under this Agreement. Customer agrees to promptly notify Owner in writing of any loss or damage and at Owner's discretion either pay to Owner the Accelerated Amount or repair or replace the Equipment so that the Equipment is returned to the condition required herein.

8. COLLATERAL PROTECTION& INSURANCE: Customer agrees to keep the Equipment fully insured against property damage and/or loss with Geneva Capital, LLC and its Assigns as Loss Payee in an amount not less than the original Equipment Cost until this Agreement is terminated. Customer also agrees to obtain a $500,000 comprehensive general liability insurance policy and to include Owner as an Additional Insured on the policy. Customer agrees to provide Owner with a certificate of insurance acceptable to Owner, before this Agreement begins. In the event the acceptable certificate is not received or later lapses, Customer further authorizes Owner as Customer's attorney-in-fact to enroll Customer in an equipment protection program through a third party insurance provider and Customer agrees to pay a monthly administrative surcharge to Owner. Owner shall be under no obligation or duty to enroll Customer in such program and such coverage may not protect Customer's interests and may be at a higher cost than what Customer could arrange on its own. Any insurance proceeds will be paid to Owner and Customer grants Owner a power of attorney to effectuate such payments of insurance proceeds or negotiate checks. Insurance proceeds shall be applied to any loss or damage but Customer shall remain liable for any balance due under this Agreement if insurance proceeds are insufficient to pay off the Lease. **NOTHING IN THIS PARAGRAPH WILL RELIEVE CUSTOMER OF CUSTOMER'S RESPONSIBILITY FOR PROPERTY & LIABILITY INSURANCE COVERAGE ON THIS EQUIPMENT.**

9. INDEMNITY: Customer shall and does hereby agree to indemnify, defend and hold harmless Owner and any Assignee, and each of their directors, officers, employees, agents or affiliates from any and all claims, demands, actions, suits, proceedings, costs, expenses, damages, and liabilities (including attorneys' fees) arising out of, connected with or resulting from the delivery, possession, use, operation, maintenance, repair or return of Equipment by Customer or its employees, agents, customers or vendors. Customer's obligations under the preceding sentence shall survive expiration of any rental term or the termination of the Agreement.

10. TAXES AND FEES: Customer agrees to pay when due all taxes (including but not limited to sales tax, personal property tax, fines and penalties) relating to this Agreement or the Equipment and remit to Owner on a monthly basis. If the Equipment is subject to personal property tax, Customer agrees to pay a monthly amount to Owner, beginning in the first year in which the taxes are assessed, calculated as 1/12th of the estimated personal property tax for the year as well as any administrative fees charged by the Owner for processing the tax filings. Such amount will be adjusted each year to reflect changes in the valuation of the Equipment. If the Equipment or use of the Equipment requires licensing or registration with any governmental authority, Customer shall, at Customer's expense, obtain and maintain such license or registration continuously during the term of this Agreement and pay all license and/or registration fees. Customer agrees Owner may make a profit on any administrative surcharge, or processing of any taxes and/or fees.

11. ASSIGNMENT: **CUSTOMER HAS NO RIGHT TO SELL, TRANSFER, ASSIGN OR SUBLEASE THE EQUIPMENT OR THIS AGREEMENT.** Owner may sell, assign, or transfer this Agreement. Customer agrees that if Owner sells, assigns, or transfers this Agreement, the new Owner will have the same rights and benefits that Owner has now and will not have to perform any of Owner's obligations. Customer agrees that the rights of the new Owner will not be subject to any claims, defenses, or set offs that Customer may have against Owner.

12. DEFAULT AND REMEDIES: If Customer does not pay any rental payment or other sum due to Owner when due, or if Customer breaches any of Customer's obligations in the Agreement or any other agreement with Owner, or if Customer or any Guarantor of Customer's obligations dies, becomes insolvent, files for or is the subject of a proceeding in bankruptcy, Customer will be in default. Customer agrees that a default under this Agreement or any other agreement between Customer and Owner shall constitute a default under all agreements at Owner's discretion. If any part of a payment is not received by Owner within 4 days of its due date, Customer agrees to pay a late charge of 15% of the payment which is late or $25.00, whichever is greater, or if less, the maximum charge allowed by law. If Customer is ever in default, Owner may do any of the following, each of which shall be cumulative: retain Customer's security deposit; elect not to renew any or all time-out controls programmed within the Equipment; proceed by appropriate court action(s) to enforce any right or remedy under this Agreement, at law or in equity, including any right under the UCC; recover interest on any unpaid payment from the date it was due until fully paid at the rate of 18% per annum or if less the highest rate permitted by law; without notice, cancel this Agreement whereupon all of Customer's rights to the use of the Equipment shall terminate, and Customer shall deliver possession of the Equipment to Lessor in accordance with this Agreement and Customer shall deliver possession of the Equipment to Lessor in accordance with this Agreement and Customer shall remain liable for all amounts due herein; take possession of any or all of the Equipment and sell, dispose of, hold, use or lease the Equipment; declare immediately due and payable, as liquidated damages for loss of bargain and not as a penalty (i) all accrued and unpaid rent and other accrued obligations hereunder, plus (ii) the sum of all unpaid rent for the remaining Agreement term plus the end of term purchase option price, both discounted to present value at a discount rate of 3% (the "Accelerated Amount") (the Accelerated Amount shall bear interest at a rate equal to 18% per annum or if less the highest rate permitted law). If any information supplied by Customer on the credit application or during the credit process is later found to have been falsified or misrepresented, Customer shall be considered in default and in addition to the preceding remedies, Owner may file criminal charges against Customer and prosecute to the fullest extent of the law. If Owner refers this Agreement to an attorney or collection agency for collection, Customer agrees to pay Owner reasonable attorney and collection fees and actual court costs. Customer further agrees that in the event of default, Owner shall be allowed to take possession of the Equipment and in the event of repossession transfers all ownership interest in said equipment to Owner. If Owner takes possession of the Equipment, Customer agrees to pay the cost of repossession including any damage to the Equipment or real property as a result of the repossession. Customer agrees that Owner will not be responsible to pay Customer any consequential or incidental damages for any default by Owner under this Agreement. Customer agrees that any delay or failure to enforce Owner's rights under this Agreement does not prevent Owner from enforcing any rights at a later time. Customer further authorizes Owner to obtain and use consumer credit reports as may be needed and Customer waives any right or claim Customer may otherwise have under the Fair Credit Reporting Act in absence of this continuing consent

13. MISCELLANEOUS: The Security Deposit is to secure Customer's performance under this Agreement. Customer will pay the security deposit on the date Customer signs this Agreement. In the event this Agreement is not fully completed or consummated, the security deposit will be retained by Owner to compensate Owner for Owner's documentation, processing collection efforts and other expenses. If all conditions herein are fully complied with and provided there are no events of default to this Agreement per paragraph 12, the security deposit will be refunded to Customer after the return of the equipment in accordance with paragraph 5 or the Agreement is paid in full. This Agreement may be signed in counterparts that together will constitute one document. This Agreement may be executed by way of facsimile or electronic transmission, and if so, shall be treated as an original having the same binding legal effect. Only the counterpart of this Agreement that bears Owner's manually applied signature shall constitute the original chattel paper for purposes of possession. Any provision of this Agreement that is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement. Captions or paragraph headings are intended for convenience or reference only and shall not be construed to define, limit or describe the scope or intent of any provision hereof. Customer will promptly execute or otherwise authenticate and deliver to the Owner such further documents or take such further action as Owner may reasonably request in order to carry out the intent and purpose of this Agreement. Unless Customer provides Owner with written notice of non-acceptance of the Equipment within ten (10) days of Supplier's delivery of Equipment to Customer, the Equipment shall be deemed to be fully accepted and Agreement shall be fully valid and in force whether or not Customer has executed a Delivery & Acceptance Certificate. Upon Owner's request, Customer agrees to provide updated financial information (including but not limited to financial statements and tax returns).

14. LAW. THIS AGREEMENT WILL BE DEEMED FULLY EXECUTED AND PERFORMED IN OWNER'S OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS AND WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE STATE LAW IN ACCORDANCE WITH OWNER'S OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS. CUSTOMER EXPRESSLY CONSENTS TO JURISDICTION OF ANY STATE OR FEDERAL COURT IN OWNER'S STATE OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS OR ANY OTHER COURT SO CHOSEN BY OWNER. CUSTOMER EXPRESSLY CONSENTS TO THE GOVERNING LAW, VENUE PROVIDED HEREIN AND EXPRESSLY HEREBY WAIVES THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES CUSTOMER MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT.

AUTHORIZED SIGNATURE **DATE**

EXHIBIT J

FRENCHIES, LLC

FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES AND RECEIPT PAGES

STATE EFFECTIVE DATES

The following states require that this Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Disclosure Document is either 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	Pending Registration
Hawaii	Pending Registration
Illinois	Pending Registration
Indiana	Pending Registration
Maryland	Pending Registration
Michigan	Pending Registration
Minnesota	Pending Registration
New York	Pending Registration
North Dakota	Pending Registration
Rhode Island	Pending Registration
South Dakota	Pending Registration
Virginia	Pending Registration
Washington	Pending Registration
Wisconsin	December 11, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

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 FRENCHIES, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York law requires us to provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a franchise or other agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If FRENCHIES, 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, DC 20580, and the appropriate state agency identified on **Exhibit A**.

The franchisor is FRENCHIES, LLC, a Colorado limited liability company with an address of 2679 West Main, #363, Littleton, Colorado 80120. Its telephone number is 720.526.2935.

The name, principal business address, and telephone number of each franchise seller offering the franchise is: Guy Coffey, Stephanie Coffey, Scot Cannon, and Stacy Stout, Frenchies, LLC, 2679 West Main, #363, Littleton, Colorado 80120, (720) 526-2935; and _____
_____.

ISSUANCE DATE: May 22, 2023, as amended December 11, 2023

FRENCHIES, LLC authorizes the respective parties identified on **Exhibit A** to receive service of process for us in the particular state, except in the State of Colorado, where any of our officers are authorized to receive service of process on our behalf.

I have received a Disclosure Document with an Issuance Date of May 22, 2023, as amended December 11, 2023, that included the following Exhibits:

EXHIBIT A: LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS
EXHIBIT B: FRANCHISE AGREEMENT, GUARANTY, AND OTHER EXHIBITS
EXHIBIT C: AREA DEVELOPMENT AGREEMENT, GUARANTY, AND STATE-SPECIFIC ADDENDA
EXHIBIT D: TABLE OF CONTENTS OF OPERATIONS MANUAL
EXHIBIT E: LIST OF FRANCHISEES AND FRANCHISEES THAT HAVE LEFT THE SYSTEM
EXHIBIT F: FINANCIAL STATEMENTS
EXHIBIT G: STATE-SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT H: FRANCHISEE QUESTIONNAIRE
EXHIBIT I: FINANCING DOCUMENTS
EXHIBIT J: STATE COVER PAGE AND RECEIPT PAGES

Please indicate the date on which you received this Disclosure Document, and then sign and print your name below, indicate the date you signed this receipt, and promptly return one completed copy of the Receipt to FRENCHIES, LLC at 2679 West Main, #363, Littleton, Colorado 80120. The second copy of the Receipt is for your records.

PROSPECTIVE FRANCHISEE:

DISCLOSURE DOCUMENT RECEIVED:

DATE:

SIGNED:

PRINTED NAME:

RECEIPT SIGNED:

COMPANY:

DATE:

TITLE:

ADDRESS:

© 2023 FRENCHIES, LLC d/b/a FRENCHIES

RECEIPT

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New York law requires us to provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a franchise or other agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If FRENCHIES, 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, DC 20580, and the appropriate state agency identified on **Exhibit A**.

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DATE: **COMPANY**:

TITLE:

ADDRESS:

© 2023 FRENCHIES, LLC d/b/a FRENCHIES