FRANCHISE DISCLOSURE DOCUMENT

PAINT Nail Bar Franchise Company, LLC
A Florida limited liability company

1432 First Street
Sarasota, Florida 34236
(301) 807-2971

www.paintnailbar.com; www.instagram.com/paintnailbar; www.pinterest.com/paintnailbar; and twitter.com/paintnailbar/

The franchises offered are for the operation of PAINT Nail Bar® Salons which are retail businesses that bring to fruition beautiful, hygienic nail salons where guests are welcomed with affordable luxury services, exceptional sterilization and safety standards, and impeccable customer service.

The total investment necessary to begin operation of a PAINT Nail Bar® Salon business is $217,850 to $755,700. This includes between $62,500 and $77,500 that must be paid to the franchisor or its affiliate(s).

The total investment necessary to begin operation of a PAINT Nail Bar® Salon area development business is $317,850 to $986,200,700 for the development of between two and five Salons. This includes between $110,000 and $237,500 that must be paid to the franchisor or its affiliate(s). Under the Area Development Program, the Development Fee equals $52,500 for the first Salon plus: (a) $47,500 for the second Salon, and (b) $37,500 each for the remaining Salons to be developed. In addition to the Development Fee, you will also incur the total initial investment for each Salon except the Initial Franchise Fee is waived.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in a different format contact: PAINT Nail Bar Franchise Company, LLC, Attn: Mark Schlossberg, 1432 First Street, Sarasota, Florida 34236, (301) 807-2971, Mark@paintnailbar.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

The issuance date of this disclosure document is: September 13, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits and 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.
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 supplies you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21, or Exhibit "D" 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 PAINT Nail Bar® Salons 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 PAINT Nail Bar® Salons franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in Florida. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Florida than in your own state.

2. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statement (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. **Turnover Rate**. In the last year, a high percentage of franchised outlets were terminated, transferred, re-acquired, or ceased operations for other reasons. The franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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

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

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

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

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 10 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

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

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

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

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

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department
of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

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

To simplify the language in this disclosure document, "**we**" or "**us**" or "**our**" mean PAINT Nail Bar Franchise Company, LLC – the franchisor. "**You**" or "**your**" means the person or entity who buys a PAINT Nail Bar® franchise – the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Us and Our Parents, Predecessors and Affiliates

We are a limited liability company formed effective August 13, 2015 in Delaware and converted to a Florida limited liability company on November 3, 2017. Our principal business address is 1432 First Street, Sarasota, Florida 34236 ("**Corporate Headquarters**"), and our phone number is (301) 807-2971. Our registered agent for service of process is HBK CPAs & Consultants, 1777 Main Street, Suite 301, Sarasota, Florida 34236. Our agents for service of process in the states that require franchise registration are listed in Exhibit "A" to this disclosure document. We have no parent and no predecessors whose information is required to be disclosed in this Item. Our founders, Mark J. Schlossberg and Michele C. Schlossberg, own the Marks (defined below).

We have 2 affiliates that market and sell products to our franchisees and affiliates: Primers By Paint, LLC ("**PbP**") and PAINT Purpose LLC ("**PP**"). Both share our principal business address of 1417 First Street, Suite 1010, Sarasota, Florida 34236. PbP has developed private label branded nail care products to be sold to franchised and affiliated PAINT Nail Bar® Salons both for resale and application at the Salons. Marketing and sales of the products began on September 15, 2021. PP began selling a jewelry line to franchised and affiliate PAINT Nail Bar® Salons for resale at the Salon on October 1, 2021.

We have 2 affiliates that operate PAINT Nail Bar® Salons in the Sarasota, Florida metropolitan area: PAINT Nail Bar, LLC, f/k/a Lusso Nail Bar, LLC, ("**PNB**") and Schlossberg Smiles, LLC ("**SSL**"). PNB has operated a PAINT Nail Bar® Salon since 2014 in downtown Sarasota. SSL began operating its Salon in February 2022. Neither PNB nor SSL provide any services or products to franchisees.

We do not have any affiliates that offer franchises in any lines of business or that guarantee our obligations.

Our Unit Franchise Program

We offer franchises for salons that provide affordable and luxury services for nails, self-care, and personal grooming, in addition to selling related products and services which use the Marks (defined below) and our franchise system. We call these salons "**PAINT Nail Bar® Salons**" and we call the PAINT Nail Bar® Salon that you operate under the Franchise Agreement your "**Salon**." You must operate the Salon from a site we approve (the "**Site**"). PAINT Nail Bar® Salons feature manicure, pedicure, waxing and massage services, along with the retail products we specify and operate under the mandatory and suggested specifications, standards, operating procedures and rules that we periodically specify for developing and/or operating a PAINT Nail Bar® Salon ("**System Standards**"). PAINT Nail Bar® Salons use certain trademarks, service marks and other commercial symbols that we periodically specify, as we periodically modify them (the "**Marks**").

Area Development Program

We also grant, to persons who meet our qualifications and who are willing to undertake the investment and effort, the right to develop and operate Salons at multiple locations within specific geographical areas and within a predetermined time frame. Our standard form of Area Development Addendum (the "**ADA**") is attached as Exhibit "C." Each Salon is operated under a separate Franchise Agreement. An Area Developer is required to sign our then-current form of Franchise Agreement for each Salon, which may contain different terms than the current Franchise Agreement attached as Exhibit "B" to this disclosure document.

Our Business.

We do not operate a business of the type being offered that you will operate. We have been offering franchises for PAINT Nail Bar® Salons since October 27, 2016. We do not engage in other business activities, and have not offered, and do not currently offer, franchises in any other lines of business.

Market and Regulations

We strategically position PAINT Nail Bar® Salons between high-end spas and low-cost salons. Your Salon will compete with nail salons and businesses that offer services for nails, self-care, and personal grooming, including spas, nail salons, hair salons, and cosmetic businesses. Depending upon your Salon's location and demographics, certain high/low seasons exist. You will offer your products and services to the general public throughout the year.

Certain states and local governments have passed laws relating specifically to nail salons, including laws requiring licensure and education of nail technicians, laws regulating sanitation and sterilization, and laws regulating worker health and pay. You also must comply with local and state laws regulating the licensing and service of alcohol.

Other than these laws, there are no regulations specific to the operation of a PAINT Nail Bar® Salon, but you must comply with all applicable local, state, and federal laws that apply generally to all businesses. You should investigate these laws.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer and Co-Founder: Mark Schlossberg

Mark Schlossberg is one of our cofounders and has been our Chief Executive Officer since our formation in August 2015. Mark has also served as co-founder and Chief Executive Officer of PNB since its inception in April 2014. He has been the CEO of PbP since its inception on July 1, 2020. Mark has been the Manager of PP since its inception on October 1, 2021. Mark has served as the CEO of our affiliate SSL since its inception in March 2019.

Chief Innovation Officer and Co-Founder: Michele Schlossberg

Michele Schlossberg is one of our cofounders and has been our Chief Innovation Officer since May 15, 2017. From our formation in August 2015 to May 15, 2017, she was our Chief Operating Officer. She has also been the Chief Operating Officer and co-founder of PNB since its inception in April 2014. Michele has served as the Chief Innovation Officer of our affiliate PbP since its inception on July 1, 2020, and has

served in the same role with our affiliate PP since its inception on October 1, 2021. She has served as the Chief Innovation Officer of our affiliate SSL since its inception in March 2019.

Director Of Franchise Operations: Ashley Koshinski

Ashley Koshinski was our PNB's Director of Salon Operations from January 10, 2018 to January 2019 when she became Director of Franchise Operations. She has been an operating partner in PAINT Nail Bar Franchise Company, LLC since September 2021. Ashley has been an operating partner in SSL since its inception in March 2019, as well as an operating partner in PNB since September 2021 and an operating partner in PbP since its inception on July 2020.

PbP, Director of Product Development: Marcie Kremppel

Marcie Kremppel has been CEO of our affiliate PbP since September 2021. She has been CEO of Kremppel Associates, in Sarasota, Florida, since March 2013. Kremppel Associates is a developmental consultancy for companies, national and international, in the beauty brand space.

Director of Franchise Development: Sarah McArthur

Sarah McArthur has been our Director of Franchise development since July 2024. She is also the owner of S.B.McArthur located Parrish, Florida , LLC since April 2015.

Director of Store Operations: Brittany Mcintosh

Brittany Mcintosh has been a Director of Store Operations at the PAINT Nail Bar® Salon in Lubbock, TX since January 2018. Starting in February 2024, Brittany joined the Franchise Company as a Franchise Business consultant.

Director of Store Operations: Amanda Jones

Amanda Jones has been a Director of Store Operations at the PAINT Nail Bar® Salon in Solon, OH since January 2021. Starting in August 2024, Amanda joined the Franchise Company as a Franchise Business consultant. Amanda was a private nanny in Cleveland, OH from 2016-January 2021.

National Lead Educator: Mahogany Poinsetta

Mahogany Poinsetta has been our National Lead Educator for nails and Esthetician services since January 2022. Prior, Mahogany was a Nail technician at PAINT in the downtown Sarasota location from 2021-2019.

ITEM 3
LITIGATION

On November 11, 2023, Elyse Quast ("Quast"), a former franchisee, filed an Arbitration Demand (Case Number 01-24-0004-2919 against Paint Nail Bar Franchise Company, LLC ("PNB") and Mark Schlossberg, individually, alleging violations of California's Corporations code, breach of the implied covenant of good faith and fair dealing, violations of the business and professions code, fraudulent misrepresentation, negligent misrepresentation, fraudulent inducement, and fraudulent nondisclosure. Quast alleges that PNB failed to comply with FTC regulations and California Franchise Investment Laws by presenting inaccurate Item 19 numbers, providing an FDD with materially different terms than the FDD registered with the California Department of Financial Protection and Innovation, and controlling the maximum price that Quast could charge. Quast sought damages in excess of $1,037,877.18. PNB alleged that Quast is a former franchisee of Respondent PNB's franchise system who decided to abandon her PNB salon after demonstrating poor operations and poor financial performance. The failure of Quast's business was a direct result of her refusal to follow PNB's operational standards and her serial absenteeism from her salon. PNB further alleges that the failures of Quast's business are due to her own gross mismanagement with respect to expenses, payroll, training, client retention, and employee management, as well as her refusal to follow PNB's policies and standards for customer scheduling, employee recruitment and retention, hours of operation, and grassroots marketing and social media engagement, in addition to her own leadership deficiencies and the fact that Quast simply was not actively or consistently

engaged in her PNB salon. The case proceeded to Final Hearing before an Arbitrator in late-September and early-October 2024. After a four-day hearing, the Arbitrator found completely in favor on Quast's claims and awarded her zero dollars in damages, as she was unable to sustain or prove a single cause of action. The Arbitrator found that Quast's own actions caused her own harm, and that PNB did not engage in improper price controls.

On May 29, 2024 Paint Nail Bar Franchise Company, LLC ("PNB") filed suit against Boss Beauty Brands, LLC and Sara Brown (collectively, "BBB"), a former Franchisee, in the United States District Court for the Middle District of Florida, under the caption Paint Nail Bar Franchise Company, LLC v. Boss Beauty Brands LLC, et al., Case No.: 8:24-cv-01309 (the "Florida Action"), alleging violations of the Lanham Act and violations of the non-competition and confidentiality covenants contained in BBB's Franchise Agreement as a result of BBB's operation of a competing nail salon. On or about May 13, 2024, BBB sent a demand letter to the Franchisor Parties and, on that same date, filed suit in the Twenty- First Circuit Court of St. Louis County, State of Missouri, under the caption Boss Beauty Brands LLC, et al. v. Paint Nail Bar Franchise Company LLC, et al., Cause No.: 24SL-CC02191 (the "Missouri Action"). In the Missouri Action BBB was seeking a declaratory judgment as well as alleging Fraud/Fraud by Omission, violations of the Florida Deceptive and unfair Trade Practices Act, and Breach of Contract. On July 24, 2024, these actions were settled between the parties. The settlement required: (1) the dismissal of the Missouri Action, with prejudice; (2) the entry of a "Consent Injunction, Consent Judgment, and Dismissal Order" in the Florida Action (the "Consent Order"), wherein BBB agreed to: (a) entry of judgment in the amount of $200,000; and (b) an injunction barring them from violating certain post-termination obligations contained in the Franchise Agreement; and (3) mutual release of claims between the parties. A Joint Motion to enter the Consent Order remains pending as of the issuance of this Disclosure Document; however, the parties expect that same will be entered.

Other than the above no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

You will pay us an initial franchise fee (the "**Initial Fee**") of $52,500 in a lump sum when you sign the Franchise Agreement. If you sign an ADA with us, the Initial Franchise fee is reduced to -0-. In consideration of this Initial Fee, we grant you a franchise to operate a Salon at a Site we have approved and provide you with initial training. The Initial Fee is uniform, non-refundable, and fully earned when paid and is not refundable under any circumstances.

Development Fee

We charge an up-front development fee for you to secure the exclusive right to open PAINT Nail Bar® Salons in a pre-determined territory in a specific amount of time, under the ADA. The Development Fee is $52,500 for the first PAINT Nail Bar® Salon to be opened pursuant to the franchise agreement signed simultaneous with the ADA, plus: (a) $47,500 for the second Salon, and (b) $37,500 each for the remaining Salons to be developed under the Development Schedule. After payment of the Development Fee in full, the Initial Franchise Fee for each Salon is reduced to -0-. This fee is non-refundable. The total initial payment is illustrated as follows:

No. of Salons	Current Initial Franchise Fee	Development Fee	Total Initial Fees Due
2	$52,500	$47,500	$100,000
3	$52,500	$47,500 + $37,500	$137,500
4	$52,500	$47,500 + (2 x $37,500	$175,00
5	$52,500	$47,500 + (3 x $37,500	$212,500

Initial Inventory Package Price

Before opening your Salon, you must purchase consumable products, including product skews, price per unit and number per unit required for opening (the "**Initial Inventory Package**"). The Initial Inventory Package includes, but is not limited to, the following: private label products, PP's jewelry line, specific vendor polishes (colors and formulas), base and top coats, removers, drops, lotions, scrubs, back bar set-ups, differentiated gel products and associated elements, nail art products and application tools, paraffin waxing products (vendor specific) and application/management tools, manicure and pedicure files, buffers, Sterilization apparatus, cotton products, dental products, all storage and supply bags, manicure and pedicure implements with differentiated specificity, gloves, flip-flops, all grocery Salon products for staff and clientele, differentiated liquid and non-liquid cleaning products, and all retail product lines for retail sales, including jewelry, balms, body lotions and creams. You must purchase the Initial Inventory from us, or our designee (the "**Initial Inventory Price**"), in an amount ranging from $10,000 to $27,000 depending on the amount that you order for your Salon. Of this amount you pay us, or our affiliates, about $6,000 consisting of $4,000 for primers and $2,000 for PP's jewelry. The amount of the Initial Inventory that is nonrefundable is paid to us and prior to opening your Salon. This fee is non-refundable.

Range of Initial Payments

The total amount of initial payments to us ranges between for a single Unit Franchise and $6,000 to $58,500 and $106,100 to $218,500 for the first franchise and under an ADA for 2 to 5 Salons, depending on the amount of items that you order for your Salon.

ITEM 6 OTHER FEES

Type of Fee[(1)]	Amount	Due Date	Remarks
Royalty Fee	The greater of $1,500 or 6% of Gross Revenues[(2)]	On the 10th day of each month	You are required to pay the Royalty and any other fees by electronic funds transfer or such other method as we determine from time to time. If you do not timely report Gross Revenues to us, we may draft your account for 150% of the previous month's actual Royalty amount paid to us.
Marketing Fund Contribution	1% of Gross Revenues	On the 10th day of each month	We may defer or reduce the Marketing Fund Contributions upon 30 days' prior written notice to you, but we will not increase the Marketing Fund Contribution during the first 2 years of your Term. We are not currently charging for this but will in the 2024 calendar year.
Local Marketing Expenditure during Initial Marketing Period	$3,000 to $6,000	As incurred	You must spend $3,000 to $6,000 during the Initial Marketing Period beginning on the Salon's opening date and ending on the last day of the 3rd full calendar month.
Local Marketing Expenditure after Initial Marketing Period	0.5% of Gross Sales per month	As incurred	The Local Marketing Expenditure will be 0.5% of Gross Sales after the 3-month Initial Marketing Period above.
Technology Fee	Currently $650 per month	On the 10th day of each month	We will develop a franchisee intranet as part of our website that will provide additional communications to assist you by providing training, marketing and benchmarking metrics to better manage your Salon. We may increase this fee upon 30 days' notice to you.

Additional Training or Assistance Fee	Currently an amount between $400 to $800 per day per trainee for sales training plus travel costs and expenses	Before training begins	The Initial Training Program described in Item 11 is included with the Initial Fee. However, we charge this fee if we require or you request, and we agree to provide, additional on-site training, or Opening Coordinator training, or if we train additional personnel beyond the Initial Training Program. Fee range may vary depending on the training or trainer provided.
Supplier Evaluation Fee	Cost of inspecting and testing new products or suppliers, plus travel expenses	15 days after billing	This covers the costs of testing new products or inspecting new suppliers you propose.
Renewal/Successor Franchise Fee	50% of our then-current Initial Fee for new franchisees	Upon signing Successor Franchise Agreement	There are other conditions for the grant of a successor franchise.

Type of Fee[(1)]	Amount	Due Date	Remarks
Purchase of PP's Jewelry Line	PP's then-current wholesale price, which is cost plus 10%.	On the 10th day of each month	Payments are due our affiliate for products purchased during the preceding month.
Purchase of Private Label Products	PbP's then-current wholesale price.	On the 10th day of each month	Payments are due our affiliate for products purchased during the preceding month. We anticipate that these products will become available beginning September 15, 2021.
Audit	Cost of inspection or audit plus travel	15 days after billing	Payable only if you fail to furnish reports, supporting records or other required information or you under report Gross Revenues.
Administrative Fee	$100 per occurrence	On demand	We reserve the right to charge you this fee for each delinquent payment
Interest	Lesser of 18% per year or highest contract rate of interest allowed by law.	15 days after billing.	Payable on all overdue amounts.
Costs and Attorneys' Fees	Will vary with circumstances. Our actual costs.	As incurred.	Payable upon your failure to comply with the Franchise Agreement.
Indemnification	Our actual costs; will vary according to loss.	On demand.	You must indemnify us if your actions result in a loss to us.

Transfer Fee	$26,250	The Transfer Fee is due at the time of the Transfer. The training costs and expenses are due as incurred.	Payable by you or the transferee if we approve the transfer of your Salon.
Non-Compliance Fee	$500	As incurred	Payable only if you fail to comply with our standards and specifications.

Explanatory Notes

(1) All fees are imposed and collected by and payable to us, except that we may direct you to pay the Marketing Fund Contributions to an affiliate or another third party. All fees are non-refundable. We also may charge fees for additional products and services that we later determine to provide you during the Franchise Agreement's term. These fees are uniform for franchisees signing the Franchise Agreement.

You must sign and deliver to us the documents we periodically require to authorize us to debit your checking account automatically for the Royalty Fee and Marketing Fund Contribution and other amounts due under the Franchise Agreement or any related agreement between us (or our affiliates) and you. You must make required funds available for withdrawal by electronic transfer before the due date.

If you fail to report the Salon's Gross Revenue, we may debit your account for 150% of the last Royalty Fee and Marketing Fund Contribution that we debited. If the amounts we debit from your account are less than the amounts you actually owe us (once we have determined the Salon's actual Gross Revenue), we will debit your account for the balance, plus the administrative fees and interest, on the day we specify. If the amounts we debit from your account are greater than the amounts you actually owe us (once we have determined the Salon's actual Gross Revenue), we will credit the excess (without interest) against the amounts we otherwise would debit from your account during the following month(s). If you become delinquent in paying your Marketing Fund Contributions, in addition to our other remedies, we may require you to pay your Marketing Fund Contributions annually in advance. We may periodically change the mechanism for your payments of Royalty Fees, Marketing Fund Contributions and other amounts you owe to us and our affiliates under the Franchise Agreement or any related agreement.

(2) "**Gross Revenue**" means the total gross revenue from the provision of all products and services sold or performed by or for you or your affiliates relating to the Salon, whether in, at, from or away from the Salon, or through or by means of the Salon's business, whether from cash, check, credit card, debit card, barter or exchange, or other credit transactions, and regardless of collection, and including the following: (a) fees for services purchased at the Salon, (b) revenue you derive from merchandise and product sales and other Salon operations that you perform, (d) revenue that any of your affiliates derives from its providing any Salon-related products or Services, and (e) payments (for example, rent and license fees) that contractors or other third parties make to you or your affiliates relating to the Salon or its operations. However, the following amounts are deducted from "Gross Revenue" (i) sales taxes, use taxes, and other similar taxes you add to the sales price, collect from the customer and pay to the appropriate taxing authority, and (ii) any bona fide refunds and credits that you actually provide to customers. Gross Revenue does not include rent, license fees and other fees that you or your affiliate receives in return for subleasing part of the property on which the Salon is located (but not any part of the Salon itself) to an unrelated business.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure[1]	Amount		Method of Payment	When Due	To Whom Payment is To Be Made
Franchise Fee[2]	$52,500	$52,500	Lump Sum	Upon signing of Franchise Agreement	Us
Establishment Package[3]	$60,000	$220,000	Lump Sum	Upon signing of Franchise Agreement	Third Parties
Initial Inventory [4]	$10,000	$27,000	Lump Sum	Upon signing of Franchise Agreement	Us, our Affiliates, or Third Parties
Site Selection [5]	$650	$3,400	As agreed	Prior to opening your Salon	Third Party
Architect Design and Management Fee [6]	$18,500	$18,500	Lump Sum	Upon signing Lease	Third Party
Project Management Fee [7]	$15,000	$15,000	Lump Sum	Upon signing Lease	Third Party
Social Media Fee [8]	$1,500	$3,000	As Agreed	Upon signing of Franchise Agreement	Third Party
Additional Training Fees[9]	$0	$4,500	Lump Sum	As Incurred	Us and Third Parties
Utility Deposits	$500	$1,000	Lump Sum	As Incurred	Third Parties
Construction, Improvements and other build-out not included with Establishment Package[10]	$75,000	$262,500	As Agreed	By agreement with Provider	Lessors, Contractors, Subs
Type of Expenditure[1]	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment is To Be Made**
Professional Fees (lawyer, accountant, etc.)[11]	$500	$5,000	As Agreed	By agreement with Provider	Third Parties
Rent (three months)[12]	$3,000	$20,000	As Agreed	By Agreement with Landlord	Third Parties
Office Equipment and Start-Up Supplies[13]	$5,000	$8,000	Lump Sum	As Incurred	Third Parties and Suppliers
Security Deposits[14]	$4,000	$7,000	Lump Sum	As Incurred	Third Parties
Insurance (premiums for first year)[15]	$800	$1,300	Lump Sum	As Incurred	Third Parties
Initial Local Marketing Expenditure[16]	$3,000	$6,000	As Required	By agreement with Provider	Third Parties
State and local business licenses, permits, filing fees, etc.[17]	$300	$500	As Required	As Incurred	Third Parties

Signage	$100	$5,000	As agreed	Before opening your PAINT Nail Bar® Salon.	Third parties
Additional Funds – Initial Investment Period[18]	$20,000	$95,500	As Incurred	As Incurred	Third Parties
Total Estimated Initial Investment (Unit)[19]	**$217,850**	**$755,700**			
Area Development Fee[20]	$100,000	$212,500	Lump Sum	Upon signing the ADA	Us
Total Estimated Initial Investment (ADA)[21]	**$317,850**	**$968,200**			

Explanatory Notes

1. All payments and fees due us or our affiliates in Item 7 are non-refundable. Payments to third parties may be refundable if you and the third party agree to allow for a refund. We currently do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing for third parties will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan

2. The Initial Fee is $52,500 and paid to us upon signing the Franchise Agreement. It is fully earned when paid and nonrefundable. If you sign an ADA with us, the initial franchise fee is reduced to -0-.

3. Before opening your Salon, you must purchase all items required for the interior and exterior of your Salon, including all vendors, ordering instructions and set-up (the "**Establishment Package**"). The Establishment Package includes, but is not limited to: furniture (reception bar, waiting area couch and tables, manicure tables and chairs, pedicure chairs, technician stools), cabinetry, ceiling (cloud systems), wall and floor design elements, basins, faucets, foot rests and cushions, shelving (dispensary), countertops, barn doors and hardware, fixtures, décor (mural and door logos and decals), rugs, prints and frames, clocks, apron holders, blankets, candy holders, jars, candles, jewelry dishes and displays, floral elements; bathroom elements including wallpaper, storage elements, pillows and seat cushions, towel holders, baskets, mirrors; Buddha, all other display elements (branding); supply carts, dispensers, trays, lighting, computer hardware and software, credit and phone systems, appliances, sterilization equipment, towel equipment, waxing equipment, equipment glassware, signage, safe and lockbox, as well as other materials we may require from time to time. You must purchase the Establishment Package) in an amount ranging from $60,000 to $220,000 depending on the amount that you order for your Salon.

4. Before opening your Salon, you must purchase the Initial Inventory Package. The Initial Inventory Package includes consumable products such as nail polishes and removers, waxing products, an inventory of PAINT Nail Bar® Products and other items we designate from time to time, including our private label products and PP's jewelry line. The amount that you must pay us, or our affiliates, is about
$6,000, consisting of $4,000 for primers and $2,000 for PP's jewelry. The contents and quantities of a typical Initial Inventory Package may vary and will be listed as an Exhibit to your Franchise Agreement.

5. Reimbursement for our Site Selection Expenses includes your payments to us for our reasonable travel and other costs in evaluating sites, and amounts for lodging, transportation and meals for your development planning session and currently ranges from $650 to $3,400.

6. You must engage our architect and pay the architect design and management fee. We estimate that the architect design and management fee will be $18,500.

7. You must engage our contractor and pay the project management fee. We estimate that the project management fee will be $15,000.

8. You must engage our social media consultant and pay that consultant's fee. We estimate the social media consultant's fee will range from $500 to $1,000 per month.

9. The low end assumes no additional fees. The estimate of Additional Training Fees includes your and your trainees' travel and living costs and, on the high end of the estimate, one (1) Additional Training Fee for one trainee.

10. Leasehold improvements and construction costs, including floor coverings, wall treatment, ceilings, painting, and electrical, carpentry, and similar work, can range from $50 to $150 per square foot for a 1,500 square foot to $1,750 square foot PAINT Nail Bar® Salon. Actual costs depend on location, the condition of the premises being remodeled, economic factors, and the Salon's size, which we estimate will be from 1,500 to 1,750 square feet. This figure also covers costs for remolding, decorating, fixtures and other fixed assets. Depending on the lease terms, your landlord might cover some of these costs. This is the estimated cost of work requiring permits or that is otherwise necessary to bring the PAINT Nail Bar® Salon into accordance with our System Standards before the installation of the build-out décor included in the Establishment Package. You will need to purchase and install all lighting switches, pictures and décor items. While we or our affiliate may, at our or their option, arrange for the installation of some of the required build-out décor included in your Establishment Package, neither we nor our affiliate provides or arranges for any work requiring permitting or any work outside the work necessary to install and set up the build-out décor included with the Establishment Package. For example, you will be responsible for any necessary electrical, plumbing, exterior painting and construction work. These fees will vary significantly depending on the condition, location and size of the PAINT Nail Bar® Salon.

11. This is the estimated cost to establish an entity and have the franchise documents reviewed. You may incur additional costs for professional services, the costs of which may vary.

12. This amount estimates 3 months' rent and deposit for lease. The figures in the table reflect our estimates for a newly-constructed 1,500 – 1,750 square foot PAINT Nail Bar® Salon. The Site may be in a rural or metropolitan area as long as we think there is a sufficient market in the area for the Salon's services. Rent and security deposit depend on the Site's size, condition, and location and demand for the premises among prospective lessees. However, rent can range from $15 per square foot per month for suitable space to $50 per square foot per month for prime space in a major metropolitan area. You might choose to purchase, rather than rent, real estate on which a building suitable for the Salon already is constructed or could be constructed. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying. Because of the numerous variables that affect the value of a particular piece of real estate, this initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Salon. Your PAINT Nail Bar® Salon space is estimated to be approximately 1,500 to 1,750 square feet of total space. Our business model suggests franchisees seek to obtain rental rates of $15 to $50 per square foot, triple net, but rental rates vary by local market conditions, geographic location, size, site profile, accessibility and other factors. It is also possible that you might choose to buy, rather than rent, real estate on which a building suitable for a PAINT Nail Bar® Salon already is constructed or could be constructed; however, we expect that you will lease space rather than own real estate and construct a building. Because of the numerous variables that affect the value of a particular piece of real estate, this estimated initial investment table does not reflect the costs of purchasing land and erecting a building. For a PAINT Nail Bar® Unit Franchise, assuming rent is paid in advance, the rental estimate of $3,000 to $15,000 reflects an estimate of your total leasing expenses for the time commencing on the Agreement Date to one (1) month following your Opening Date (a total of 1 to 4 months). The rental estimate includes first and last months' rent (as a deposit) plus first month's rent (a total of 3 months' rent).

13. This estimate is for items you will need to purchase in addition to those in the Establishment Package or Initial Inventory Package. However, you will be responsible for making sure your PAINT Nail Bar® Salon has a computer, printer, fax machine, telephones, and other relative technology. The low end of the range assumes you already have such equipment whereas the high end of the range assumes that all new equipment will need to be purchased. You will need to establish ACH/merchant account capabilities meeting our System Standards.

14. This estimate is for your rental/security deposits for your lease of the PAINT Nail Bar® Salon. We do not anticipate that you will purchase your real estate. If you are converting an existing business and intend to remain at the same site, we do not anticipate that you will have to pay any additional rental/security deposits. Rent is typically not refundable, except for the security deposit, which may be refundable if you comply with the terms of the lease.

15. You must obtain and maintain, at your own expense, insurance coverage that meets our minimum requirements. We must be named as an additional insured on these policies. Insurance costs vary based on policy limits, types of policies, nature of physical assets, gross revenues, claims history, number of employees, square footage, location, business, contacts and other factors.

16. You must implement an opening marketing program for the Salon according to our requirements and other System Standards. At least 90 days before you intend to open for business to the public, we (or a supplier we designate) and you will prepare a proposed opening marketing program that requires spending at least the minimum amount that we reasonably specify, currently from $3,000 to $6,000. You must make the changes to the program that we specify and implement the program as we approve it.

17. This figure includes amounts for business licenses, legal and accounting expenses, utility costs ($300 to $8,000 per month, plus deposits), workers compensation, public liability, and other insurance and other prepaid expenses.

18. This item estimates your initial start-up expenses (other than the items identified separately in the table) for your Salon's first 3 months of operation, including miscellaneous supplies, inventory and equipment, laundry and janitorial services, payroll costs (but not any draw or salary for you), and other miscellaneous costs. Your costs depend on how closely you follow our methods and procedures, your management skill, experience, and business acumen, local economic conditions, the local market for your services, the prevailing wage rate, competition, and the sales level reached during the initial period. This estimate assumes you do not acquire additional e-mail addresses during this period. We expect this may be necessary if you are unable to ramp up sales quickly enough to cover these costs. It does not include additional training or assistance fees as listed in Item 6. These figures are estimates, and we cannot guarantee that you will not have additional or higher expenses and costs in starting the PAINT Nail Bar® Salon. Your costs will also depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the Initial Investment Period. We relied on our management experience at PNB to compile these estimates.

19. We relied on PNB's experience in operating a PAINT Nail Bar since 2014 to compile the estimate for additional funds and other estimates in this Item. We also relied on our research and conversations with construction contractors, equipment vendors and other providers of products and services to PAINT Nail Bar® and similar concepts. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on any factors, including the availability of financing generally, your credit worthiness and collateral, and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation except for the security deposit under the Site's lease, which typically is refundable if you comply with the lease. No amounts in the chart are refundable.

20. We charge an up-front development fee for you to secure the exclusive right to open PAINT Nail Bar® Salons in a pre-determined territory in a specific amount of time, under the ADA. The Development Fee is $45,000 for the first PAINT Nail Bar® Salon to be opened pursuant to the franchise agreement signed simultaneous with the ADA, plus: (a) $35,000 for the second Salon, and (b) $30,000 each for the remaining Salons to be developed under the Development Schedule. After payment of the Development Fee in full, the Initial Franchise Fee for each Salon is reduced to -0-. The total initial payment is illustrated as follows:

No. of Salons	Current Initial Franchise Fee	Development Fee	Total Initial Fees Due
2	$52,500	$47,500	$100,000
3	$52,500	$47,500 + $37,500	$137,500
4	$52,500	$47,500 + (2 x $37,500	$175,00
5	$52,500	$47,500 + (3 x $37,500	$212,500

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The source for virtually all of your purchases is restricted in some way ranging from about 75% of your total costs to establish the Salon to 27-30% of your total costs to operate the Salon.

Purchases from Us or Our Affiliates

You are required to purchase your Initial Inventory Package from us, our affiliates, or our designee. Establishment Package from our designee. You are also required to purchase certain inventory items from us, or our designee, during the operation of your Salon. The required purchases from us, or our designee, constitutes about 14% of the cost to establish a Salon and about 3% of the cost to operate a Salon. During the fiscal year ending December 31, 2023, we did not received any income from required purchases or leases by franchisees. Neither we, nor any of our affiliates, are the only approved supplier of anything other than the private label products.

Our affiliate, PbP has developed, and will continue developing, private label brand nail care products to be sold via the Salons. You are required to purchase them and market and sell them to Salon customers. PbP sells them to you at its then-current wholesale price at a markup from its costs. During the fiscal year ending 'December 31, 2023, PbP received $40,632.25 from sales to our franchisees.

Our affiliate, PP, provides a jewelry line to PAINT Nail Bar Salons. You are required to purchase the jewelry line from PP and sell the jewelry line to Salon customers. PP currently sells the jewelry line to you at its costs, plus $10 for each piece of jewelry. Every location is required to purchase a minimum of
$750 per order of jewelry from PP at least 6 times a year. During the fiscal year ending December 31, 2023, PP received $238,568 from sales to our franchisees.

Approved Suppliers

You must purchase or lease all products, supplies, equipment (including computer hardware and software), services (including social media services) and other items specified in the Manuals from time to time. If required by the Manuals, you agree to purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate). In our sole discretion, we may concentrate purchases with one or more approved or designated suppliers, to obtain lower prices, advertising support and/or other services, or for any other reason we deem appropriate. In such instances, we may limit the number of suppliers with whom you deal, designate sources that you will use, and refuse any request by you for another approved supplier of any applicable product or service. You agree to follow all of our policies and procedures for participation in or termination of any preferred vendor programs that we establish. If we receive rebates or other financial consideration from suppliers based upon franchisee purchases, we have no obligation to pass these amounts on to you or to use them for your benefit.

If you want us to approve a new supplier, product or service that you propose, you agree to submit to us sufficient written information about the proposed new supplier, product or service to enable us to approve or reject either the supplier or the particular item or service. We will have 30 days from receipt of

the information to approve or reject the proposed new supplier, product or service. If we have not responded to your request within this time period, the request is deemed disapproved and we will notify you in writing of such disapproval within 10 days of the end of such 30-day period. All suppliers must conform to our System Standards as provided to you in our Manuals. We may consider in providing such approval not just the quality standards of the products or services, but the proposed supplier's delivery capabilities, financing terms and ability to service our franchise system as a whole. We may terminate or withhold approval of any product or service, or any supplier of a product or service, that does not meet our quality standards by giving you written notice. If we do so, you agree to immediately stop purchasing from such supplier or using such product or service in your Salon. At our request, you agree to submit to us sufficient information about the proposed supplier, product or service to enable us to determine whether it meets our standards and specifications. We may charge a reasonable fee for evaluating alternative suppliers, products or services, plus the actual cost of travel and living expenses of our personnel and any fees we pay to third parties in furtherance of the evaluation.

We estimate that required purchases from approved or designated suppliers currently represents less than 45% of your total purchases in establishing your Business, and less than 20% of your overall purchases in operating the Business.

Except for our affiliates, PbP and PP, there are no suppliers in which any of our officers own an interest.

Standards and Specifications

You agree to develop and operate your Salon in accordance with our standards and specifications. Our standards and specifications may regulate, among other things (a) a description of the authorized goods and services that you may offer at your Salon; (b) mandatory and suggested number of days and hours that your Salon must be open for business; (c) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for PAINT Nail Bar® Salons; (d) mandatory reporting and insurance requirements; (e) mandatory and suggested specifications for your Salon; and (f) a written list of goods and services (or specifications for goods and services) that you will purchase for the construction of your Salon and the development and operation of your Salon, and a list of any designated or approved suppliers for these goods or services (which may include us or our affiliate). Our standards and specifications may impose minimum requirements for quality, use, cost, delivery, performance, design and appearance. We will notify you in our Manuals or other communications of our standards and specifications and/or names of approved suppliers.

We estimate that required purchases according to our standards and specifications currently represent less than 15% of your total purchases in establishing your Business, and less than 4% of your overall purchases in operating the Business.

Rebates

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases. We intend to negotiate relationships with suppliers to enable our franchisees to purchase certain items at discounted prices. If we succeed, you will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us).

As of December 31, 2023, neither we nor our affiliates received any revenue from our approved suppliers on account of purchases from franchisees.

Site Selection and Salon Development

You may not begin developing the Salon until we have approved your proposed Site. You must send us for our approval (which we will not unreasonably withhold) a copy of the proposed lease or sublease for the Site before you sign it. The lease or sublease must contain the provisions we periodically specify to protect our interests as your franchisor. If you or your affiliate owns the property where the Site is located, then in addition to complying with the obligations described above concerning the lease with your affiliate (if your affiliate owns the Site), you must provide us with a copy of the deed and title insurance policy for the property.

The Salon must satisfy our standard design requirements and specifications for layout, color scheme, finishes, improvements, and decor for PAINT Nail Bar® Salons similar to the Salon. The Salon must contain the Establishment Package that we specify. Currently, depending on the Site's layout, you may decide whether the Salon will offer waxing services and massage services. All other decisions relating to the Salon's development and its layout, design, color scheme, finishes, improvements, decor and Establishment Package are subject to our approval. At our option, you must use only the architects and contractors that we designate or approve.

You must submit to us for our approval all construction and remodeling plans and specifications before beginning build-out for the Salon and all revised or "as built" plans and specifications as they are prepared during the Salon's construction and development. You may not begin build-out for the Salon until we have approved the plans and specifications. You must develop the Salon according to the plans and specifications we have approved. You must buy all fixtures, equipment, signs and furnishings ("**Operating Assets**") and other products and services that we specify for the Salon's development only from suppliers that we designate or approve, which might include or be limited to us, our affiliates or our designated vendors. You may not install or use any unauthorized Operating Assets at the Salon.

Salon Upgrades

In addition to your obligations to maintain the Salon according to System Standards, we may periodically modify and supplement System Standards, which may require you to invest additional capital in the Salon and incur higher operating costs. You must incur any capital expenditures required in order to comply with this obligation and our System Standards, as they may be modified from time to time. You must complete all work according to the plans that we approve within the time period that we reasonably specify.

Insurance

You agree to obtain and maintain, at your own expense, such insurance coverage that we require from time to time and meet the other insurance-related obligations in the Franchise Agreement. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. You agree to send us copies of all insurance policies. Each policy is required to name us and our affiliates as additional insured parties. Our current insurance policy requirements include:

(a) comprehensive general liability insurance:
- $2,000,000 general aggregate
- $1,000,000 per occurrence
- $1,000 for fire damage
- $5,000 for medical expenses (any one person)
- $1,000,000 for personal injury

(b) property/casualty insurance ($50,000 per occurrence)

(c) $500,000 worker's compensation insurance (minimum amount required by applicable law)

Upon 10 days' notice, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right, but not the obligation, to obtain such coverage on your behalf, and you will promptly complete all applications and other forms and instruments required to obtain the insurance and pay to us, within 10 days after invoicing, all costs and premiums that we incur.

Computer Hardware and Software

The required computer system and software designated by us is stated in our Manuals. You must use this computer system for on-line reporting of such sales and other information from your computer to us as required under the Franchise Agreement or Manuals. This will require that you have a reliable internet service provider for your Salon. For any time period during which the computer system or internet service provider is not functioning properly, you

must report such sales and other information to us by facsimile weekly, and by certified/registered mail no less frequently than monthly.

Marketing Materials

You must participate in the manner we periodically specify in all advertising, marketing and promotional programs that we periodically designate for the Salon in the System Standards or otherwise in writing, subject to the Local Marketing Spending Requirement. You must notify us in advance if you desire to develop additional artwork or other Marketing Materials for the Salon (other than artwork and Marketing Materials we provided to you). At our option, we may (i) develop or designate a supplier to develop the requested artwork or Marketing Materials for the Salon at your expense, (ii) allow you to develop the artwork or Marketing Materials at your expense, or (iii) reject your request to use the artwork or Marketing Materials. At our option, you must acquire Marketing Materials and other advertising, marketing and promotional products and services only from one or more suppliers that we designate or approve, which may include or be limited to us, our affiliates, and/or other restricted sources.

In addition, at least 15 business days before you intend to use or implement them, you must send us (a) samples or proofs of all Marketing Materials that we have not prepared or already approved, or that we previously approved and which you propose to change in any way, and (b) descriptions of all other advertising, marketing or promotional programs for the Salon that we have not already approved. However, you do not need to send us any Marketing Materials for which you have simply completed the missing Salon-specific or pricing information based on templates that we sent to you. If we do not notify you of our approval of these materials or programs within 10 business days after we actually receive them, they are deemed disapproved. You may not use any Marketing Materials or conduct any advertising, marketing or promotional programs for the Salon that we have not approved or have disapproved. If the Salon is underperforming, then we may, in addition to our other rights, require you to contribute the shortfall to the Marketing Fund or to pay us the shortfall for us to spend on Marketing Materials and advertising, marketing and promotional programs for your Salon.

Miscellaneous

There are no purchasing cooperatives although we reserve the right to establish one or more purchasing cooperatives in the future. Other than lower negotiated prices as stated above, you do not receive any material benefits for using designated or approved suppliers.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Franchise Agreement ("**FA**"): § 3 and Exhibits "L" & "M".	Items 7, 11 and 12
	Development Addendum ("**ADA**"): §§ 3 and 4	
(b) Pre-opening purchases/leases	FA: §§ 3 and 4	Items 5, 6, 7, 8, 11 and 16
(c) Site development and other pre- opening requirements	FA: §§ 2, 3.1, 4, 7.1, and 14.5	Items 5, 6, 7 and 11
	ADA: §§ 3 and 4	
(d) Initial and ongoing training	FA: §§ 4, 5 and 6	Item 11
	FA: §§ 4.3, 4.4 and 4.5	

(e) Opening	ADA: §§ 3 and 4	Item 11
(f) Fees	FA: §§ 3.7, 5, 6.1, 6.3, 6., 10.3, 13.2, 14.3 and 15.5	Items 5, 6 and 7
	ADA: § 5	
(g) Compliance with standards and policies/operating manuals	FA: §§ 2.1, 2.4, 3, 4, 6, 7, 8, 10, and 12	Item 11
	ADA: § 3	
(h) Trademarks and proprietary information	FA: §§ 7 and 8	Items 13 and 14
(i) Restrictions on products/services offered	FA: §§ 4 and 10	Items 11 and 16
(j) Warranty and customer service requirements	None	None
(k) Territorial development and sales quotas	FA: §§ 3 and 4	None
	ADA §§ 3 and 4	Item 12
(l) On-going product/service purchases	FA: §§ 4 & 6	Item 8
	ADA: § 4	
(m) Maintenance, appearance and remodeling requirements	FA: §§ 10.5 and 15.1	Items 11 and 17
(n) Insurance	FA: §§ 3.2, 3.7, and 10.16	Items 7 and 8
(o) Advertising	FA: §11	Items 6, 7 and 11
(p) Indemnification	FA: §§ 7.5, 17.5 and 18.4	Item 6
(q) Owner's participation/ management/staffing	FA: §§ 6, 9, 10.14, 10.15 and 10.17	Items 11 and 15
(r) Records and reports	FA: § 12	Item 11
(s) Inspections and audits	FA: § 13	Items 6 and 11
(t) Transfer	FA: §§ 14	Items 6 and 17
	ADA: § 10	
(u) Renewal	FA: § 15	Items 6 and 17
(v) Post-termination obligations	FA: §§ 17	Item 17
(w) Non-competition covenants	FA: §§ 8.3, 9, 10.14, 14.3, and 17.4	Item 17
(x) Dispute resolution	FA: §§ 19 and 20	Item 17

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

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

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

Pre-Opening Obligations: Before you open the Salon, we will:

1. Accept or reject a Site you propose for the Salon within 15 days after we receive the complete Site report and other materials we request. You must identify a potential suitable Site that meets our then-current criteria for PAINT Nail Bar® Salon within 90 days of date of your Franchise Agreement. (Franchise Agreement, Section 3.1) You must sign a lease or otherwise obtain the right to occupy a Site that we have accepted within 365 days of signing

the Franchise Agreement. (Franchise Agreement, Section 3.3) The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other PAINT Nail Bar® Salons, the nature of other businesses in proximity to the Site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed Site. (Franchise Agreement - Section 3.1) We may terminate the Franchise Agreement if you and we are unable to agree on a location for the Site, or if you have not obtained a fully signed lease agreement for the Site, or you have not opened the Salon for operations to the public within (i) 180 days after our acceptance of the Site; and (ii) any deadline imposed by any other agreement you have with us. (Franchise Agreement, Section 4.1). We also will establish the Development Area by mutual agreement with you before signing any ADA. Our approval is also required for any sites for Salons to be opened pursuant to the ADA as per the Franchise Agreement. (ADA Section 8)

2. Provide you with a list of suppliers for certain development services and opening assets: signage, fixtures, inventory, etc.; approve architects to prepare (at your expense) all required construction plans based on our design drawings and specifications; approve construction contractors to construct your Salon (at your expense); review all construction plans and specifications before you begin constructing the Salon and at the points of 50% and 95% complete, and all revised or "as-built" plans and specifications during construction. Construction of the Salon must be completed within 180 days of our Site acceptance. We will provide specifications on décor of your Salon. We have the right to change and/or upgrade décor. (Franchise Agreement - Sections 4.1)

3. Provide you with a list of items included in the Establishment Package and the Initial Inventory. (Franchise Agreement - Section 4.2)

4. Arrange for our affiliates to supply our Private Label Products to you. (Franchise Agreement - Section 4.3)

5. Provide initial training to you without additional charge. (Franchise Agreement - Section 6.1)

6. Grand you access to our Manuals, via electronic access or otherwise. (Franchise Agreement - Section 10.1)

7. Identify the fixtures, furnishings, equipment (including cash registers, telecopies and computer hardware and software), retail merchandise, materials and supplies necessary for the Salon to begin operations, the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). (Franchise Agreement - Sections 10.10, 10.11, and 10.12)

8. Advise you on prices that you may charge for products or. (Franchise Agreement - Section 10.4)

Time To Opening

We estimate that there will be an interval of 8 to 12 months between the signing of the Franchise Agreement and the opening of the Salon, but the interval may vary based upon such factors as the location and condition of the Site, the construction schedule for the Salon, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training and your compliance with local laws and regulations. You may not open the Salon for business until: (1) we approve the Salon developed according to our specifications and standards; (2) pre-opening training has been completed to our satisfaction; (2) the initial franchise fee and all other amounts then due to us have been paid; (3) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request; and (4) we have received signed counterparts of all required documents pertaining to your acquisition of the Site. You must open the Salon for business within 180 days after our approval of the Site. (Franchise Agreement - Section 4.4)

Post-Opening Obligations: During your operation of the Salon, we will:

1. Advise you from time to time regarding the operation of the Salon based on reports you submit or

inspections we make. In addition, we will provide guidance to you on standards, specifications and operating procedures and methods utilized by Salons; purchasing required Operating Assets; products and supplies and arranging for their distribution to you; use of suppliers, approved products, volume buying; advertising and marketing materials and programs; employee training; and administrative, bookkeeping and accounting procedures. Such guidance may include financial and cost information that we periodically prepare or compile and share with franchisees. Any such information is provided without warranty as to its completeness or accuracy, as there may be occasional errors or variations among unit measurements or market conditions that can affect the numbers or projections. Ongoing guidance will, at our discretion, be furnished in our Manual, bulletins or other written materials; by electronic media; and/or during telephone consultations and/or consultations at our office or the Salon. (Franchise Agreement - Section 6.5)

2. Furnish you, at your request, with additional guidance, assistance and training. The charge for additional guidance, assistance and training will be the actual cost incurred by us. (Franchise Agreement - Section 6.5)

3. Provide you with access to the Manuals, consisting of such materials (which may be furnished in various electronic formats (including via website access) computer software and written materials) that we generally furnish to franchisees for use in operating Salons. We may loan the Manuals to you with print versions or only electronically. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards**") that we prescribe from time to time for operation of a PAINT Nail Bar® Salon and information relating to your other obligations under the Franchise Agreement and related agreements. The Manuals may be modified, updated and revised periodically to reflect changes in System Standards. (Franchise Agreement - Section 10.1)

4. Issue, modify and supplement System Standards for PAINT Nail Bar® Salon. We may periodically modify System Standards, which may accommodate regional or local variations as we determine, and these modifications may obligate you to invest additional capital in the Salon and/or incur higher operating costs. However, these modifications will not alter your fundamental status and rights under the Agreement. (Franchise Agreement - Section 10.3)

5. Establish, or modify, any maximum, minimum or other pricing requirements on prices that you may charge for products or services that we may establish from time to time. (Franchise Agreement - Section 10.4)

6. To inspect and evaluate the Salon, observe and record operations, interview personnel and members, and inspect your books and records relating to business conducted at the Salon. From time to time to assist you in complying with the Franchise Agreement and all System Standards. (Franchise Agreement - Section 13.1)

Advertising, Marketing, and Promotion

Local Advertising

You must participate at your expense in the manner we periodically specify in all advertising, marketing and promotional programs that we periodically designate for Salons in the System Standards or otherwise in writing, subject to the Local Marketing Spending Requirement. System Standards may regulate your participation in and requirements for sales, promotional, public relations, advertising and/or marketing programs, and materials and media used in these programs. At least 15 business days before you intend to use or implement them, you must send us: (a) samples or proofs of all Marketing Materials that we have not prepared or already approved, or that we previously approved and which you propose to change in any way, and (b) descriptions of all other advertising, marketing or promotional programs for the Salon that we have not already approved. However, you do not need to send us any Marketing Materials for which you have simply completed the missing Salon-specific or pricing information based on templates that we sent to you. If we do not notify you of our approval of these materials or programs within 10 business days after we actually receive them, they are deemed disapproved. You may not use any Marketing Materials or conduct any advertising, marketing or promotional programs for the Salon that we have not approved or have disapproved. (Franchise Agreement Sections 11.6 and 11.8)

Opening Marketing Program

You must, at your expense, implement an opening marketing program (the "**Opening Marketing Program"**) for the Salon in accordance with the requirements in the Manuals and other System Standards. At least 90 days before you intend to open, we (or a supplier we designate) and you will prepare a proposed opening marketing program that requires spending at least the minimum amount that we specify. You must make the changes to the program that we specify and execute the program we approve. (Franchise Agreement Section 11.7)

Local Marketing Spending Requirement

The "**Local Marketing Spending Requirement**" means the amount you must spend during each period described below on approved Marketing Materials and other approved advertising, marketing and promotional programs for the Salon. However, we will not count any of the following expenditures towards your Local Marketing Spending Requirement: Marketing Fund Contributions, service offers, discounts or similar price reductions that you provide as a promotion, permanent on premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), and other amounts that we, in our reasonable judgment, deem inappropriate for meeting the Local Marketing Spending Requirement. (Franchise Agreement Section 11.8)

The Local Marketing Spending Requirement during the period beginning on the Salon's opening date and ending on the last day of the 3rd full calendar month after that (the "**Initial Marketing Period**") ranges from $3,000 - $6,000 in the aggregate, in addition to conducting any remaining activities required under the opening marketing program. After the end of the Initial Marketing Period, the Local Marketing Spending Requirement during each calendar month is the amount of 0.5% of the Salon's Gross Revenue during the previous calendar month. (Franchise Agreement Section 11.8)

We may periodically review your books and records and require you to submit reports to determine your advertising, marketing and promotional expenses. If you fail to spend (or prove that you spent) the Local Marketing Spending Requirement in any period, then at our option, in addition to our other rights, you must contribute the shortfall to the Marketing Fund or pay us the shortfall for us to spend on Marketing Materials and advertising, marketing and promotional programs for the Salon.

We do not anticipate using local or regional advertising cooperatives.

Marketing Fund

We intend to establish, maintain and administer a fund (the "**Marketing Fund**") for advertising, marketing, and public relations programs and materials and related activities for the PAINT Nail Bar® Salon franchise network. The Marketing Fund will be established for the 2024 calendar year (Franchise Agreement Section 7.4) Each month, you will pay us or our designated Affiliate, via electronic funds transfer or another payment method we specify, a contribution to the Marketing Fund (the "**Marketing Contribution**") in the amount equal to 1% of the Salon's Gross Revenue during the previous month. We reserve the right to increase the Marketing Contribution to 2% of your Gross Revenues, as well as defer or reduce contributions of a PAINT Nail Bar® Salon franchisee and, upon 30 days' prior written notice to you. The Marketing Contribution is due on the 10th day of each month. We and our affiliates will contribute to the Marketing Fund on the same basis as franchise owners for any PAINT Nail Bar® Salon they own and operate. (Franchise Agreement Section 11.1)

We will direct all programs that the Marketing Fund finances and have sole control over all creative and business aspects of the Marketing Fund's expenditures. The Marketing Fund may pay for preparing, producing and placing video, audio, and written materials, electronic media and social media, developing, maintaining and administering one or more System Websites, administering national, regional and multi- regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance, and supporting public relations, market research, and other advertising, promotion, marketing and brand related activities. We may place advertising in any media, including print, radio, television and Internet, on a regional or national basis. Our in-house staff and/or national or regional advertising agencies may produce advertising, marketing, and promotional materials. (Franchise Agreement 11.2) While we do not anticipate that any part of the Marketing Fund contributions will be

used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Marketing Fund for public relations or recognition of our brand, for the creation and maintenance of the Website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available."

We will account for the Marketing Fund separately from our other funds and not use the Marketing Fund to pay any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses, and overhead we incur in activities we perform for the Marketing Fund, including administering the Marketing Fund and its programs, conducting market research, preparing advertising, promotion, and marketing materials, developing, maintaining and administering the System Website and collecting and accounting for Marketing Fund Contributions. The Marketing Fund's assets will repay us and our affiliates for advertising, marketing, promotional, and brand development expenses that we and our affiliates incurred on the Marketing Fund's behalf before you sign the Franchise Agreement and, for some expenses, before the Marketing Fund began operations or collecting contributions. We will not use any Marketing Fund Contributions principally to solicit new franchise sales, although part of the System Website is devoted to franchise sales. The Marketing Fund is not our asset nor a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Marketing Fund or for any other reason. In any fiscal year, we may spend on the Marketing Fund's behalf more or less than the aggregate contributions of all PAINT Nail Bar® Salons in that year, and the Marketing Fund may borrow from us or others to cover deficits and invest any surplus for future use. We will use interest earned on Marketing Fund Contributions to pay costs before spending the Fund's other assets. Upon your written request, we will send you a copy of the Marketing Fund's most recent budget and unaudited financial statements. Independent accountants currently do not audit the Marketing Fund because we have not yet established it. (Franchise Agreement Section 11.3)

We may delegate some or all of our rights and responsibilities regarding the Marketing Fund to any affiliate or other responsible third party, and that entity will have all of the rights and responsibilities described here. If we do, we will have no further liability or responsibility relating to the delegated rights and responsibilities.

The purpose of the Marketing Fund is to develop recognition and goodwill of the Marks, the products and services associated with the Marks, and patronage of all PAINT Nail Bar® Salons. We have no obligation to ensure that Marketing Fund expenditures proportionately benefit any particular geographic area or PAINT Nail Bar® Salon, and we need not spend any amount on advertising in the area where your Salon is located. We assume no other direct or indirect liability to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund. (Franchise Agreement Section 11.4)

We may at any time defer or reduce a franchisee's Marketing Fund Contributions and, on 30 days' notice, reduce or temporarily suspend the Marketing Fund's operations for one or more periods of any length, and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will refund all unspent funds to us and our affiliates and franchisees who are then contributing to the Marketing Fund in proportion to our and their respective contributions during the preceding 12-month period. We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. (Franchise Agreement Section 11.1)

During 2023, no Marketing Funds Contributions were collected or expended. Any unused Marketing Fund Contributions will be retained in the Marketing Fund for use in future years.

There currently are no franchisee advertising councils that advise us on advertising policies for PAINT Nail Bar® Salons and no local or regional advertising cooperatives in which PAINT Nail Bar® Salon franchisees must participate.

System Website

We may control or designate the manner of your use of all URLs, domain names, website addresses, metatags, links, key words, e-mail addresses and any other means of electronic identification or origin ("**e- names**"). We also may designate, approve, control or limit all aspects of your use of the internet, intranet, world wide web, wireless technology, social media, digital cable, use of e-names, e-mail, home pages, bulletin boards, chatrooms, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of

interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware (collectively, "**e- commerce**"). You must follow all of our policies and procedures for the use and regulation of e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce, including social media, that we designate or operate. We may require that you provide information to us via e-commerce. You are bound by any terms of use, privacy policy and copyright notice and takedown policies and the like that we establish from time to time. We may require you to, at your expense, coordinate your e-commerce activities with us, other PAINT Nail Bar® Salons, suppliers and affiliates. We may require you to participate in any internet or intranet networks (we establish and obtain the services of and pay the then current fees for ISP and ASP services and the like. We own all rights, title and interest in and to any and all websites and any e-names we commission or utilize, or require or permit you to utilize, in connection with the System which bear our Marks or any derivative of our Marks. We also own all rights, title and interest in and to any and all data or other information collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. Such data or other information also constitutes our Confidential Information. (Franchise Agreement Section 11.10)

Computer System

We will have independent, unlimited access to all information and data in your Computer System, including but not limited to the Salon's databases, spreadsheets, financial, word processing, communications, email and calendaring information. We may, through our access to your Computer System or otherwise, have access to names, contact information, financial information and other personal information of or relating to the Salon's clients ("**Client Information**"). There is no contractual limitation on our right to access your Computer System. We and our affiliates may use Client Information in our and their business activities, but during the Franchise Agreement's term we and our affiliates will not use the Client Information that we or they learn from you or from accessing the Computer System to compete directly with the Salon. Upon the Franchise Agreement's termination, we and our affiliates may make all disclosures and use the Client Information in any manner that we or they deem necessary or appropriate. You must obtain from your clients all authorization and provide them all notices that applicable law periodically specifies, to enable us and our affiliates to use the Client Information in the manner that the Franchise Agreement contemplates (Franchise Agreement Section 10.7).

We currently require you to have two 27-inch iMacs with retina 5K display with the following performance:

- Retina 5k Display
- 3.1 GHz 6-Core processor with Turbo Boost up to 4.5 GHz
- 256GB SSD Storage
- 3.0GHz 6-Core 10th generation Intel Core
- i5 processor
- Turbo Boost up to 4.1GHz
- 8GB 266 MHz DDR4 memory, configurable up to 128GB
- 1 TB Fusion Drive
- Radeon Pro 5300 with 4 GB of GDDR6 memory
- Two Thunderbolt 3 ports

We estimate that the cost to obtain the Computer System is between $1,799 and $3,600. Neither we, nor our affiliates or any third parties have to provide on-going maintenance, repairs, upgrades or updates to the Computer System. You will be required to upgrade the hardware and software from time to time during the term of your agreement. We estimate that the annual cost of maintaining, updating, upgrading or any support contracts for your computer system range from 0 to $1,799.

Training

TRAINING PROGRAM

Subject	Hours of Pre-Requisite Training	Hours of Classroom Training	Hours of On the Job Training	Location
Training Prerequisites	10	0	0	Corporate Headquarters in Sarasota, Florida, or other designated Salon
Introduction to Paint Nail Bar Organization	0	1	0	Corporate Headquarters in Sarasota, Florida, or other designated Salon
Relationship with Franchisor Total	0	1	0	Corporate Headquarters in Sarasota, Florida, or other designated Salon
Pre-Opening Total	0	2	0	Corporate Headquarters in Sarasota, Florida, or other designated Salon
HR Total	0	2	0	Corporate Headquarters in Sarasota, Florida, or other designated Salon
Daily Operations and Sales Total	0	16	10	Corporate Headquarters in Sarasota, Florida, or other designated Salon
Office Management Total	0	4	0	Corporate Headquarters in Sarasota, Florida, or other designated Salon
Marketing Total	0	4	0	Corporate Headquarters in Sarasota, Florida, or other designated Salon
TOTAL HOURS	**10**	**30**	**10**	

Initial Training Program

Before the Salon opens, we will furnish a management training program at our headquarters in Sarasota, Florida for up to 6 people from your Salon on operating a PAINT Nail Bar® Salon. More personnel may attend the initial training program (depending on our capacity) at your expense, we currently charge $500 per person per session. You must pay your and your employee's travel, living, and other expenses during training. Training occurs for you (or your managing owner) and/or the Salon's manager(s) after you sign the Franchise Agreement and while you are developing the Salon. Training for other Salon personnel may occur after you open the Salon for business.

The materials used in training include the Manual, as well as other presentation materials including handouts and job-aids and may also include educational gaming and e-learning materials. It is the nature of the PAINT Nail Bar® Salons that all aspects of training are integrated, that is, there are no definite starting and stopping times. Our trainers are Mark Schlossberg, Michele Schlossberg, Ashley Koshinski, and Christine Garcia Diaz (see Item 2 for more information on these individuals). Mark and Michele each have over 9 years of experience in the nail salon industry since PNB's opening of the PAINT Nail Bar® Salon in 2014. Ashley has been with PNB and us for 6 years and has 6 years' experience in the nail salon industry and over 11 years' experience in franchise support. Christine has 7 years' experience with us and PNB, and over 12 years' experience in the nail salon industry.

Training is mandatory for all franchisees. You (or your managing owner) or the Salon's general manager must complete our initial training program to our satisfaction before you open the Salon. Any manager as well as any person who works as a front desk staff member or manage at the Salon for 10 hours or more average each week, and/or has the responsibility for opening or closing the Salon, must complete, to our satisfaction, our training program at our designated site within 3 months of their date of hire. You must replace any manager who fails to satisfactorily complete our initial training program (Franchise Agreement Section 4).

We periodically may require you (or, if you are a legal entity, one of your Owners) and/or the Salon's general manager to attend and complete to our satisfaction any supplemental or refresher training programs on operating PAINT Nail Bar® Salons that we choose to provide. We may charge reasonable fees for these programs, and you will be responsible for your and your employees' wages and travel and living expenses (Franchise Agreement Section 4).

Manual

The table of contents of our Manual, which contains 369 pages, is attached as Exhibit "G."

ITEM 12
TERRITORY

Unit Franchise

If you have not yet located an approved Site when you sign the Franchise Agreement, we will designate a "**Site Selection Area**" when you sign that Agreement. We typically identify Site Selection Areas using street names and locations as boundary points and there is no minimum size for a Site Selection Area. The Site Selection Area is the area within which you must look for your Site. During the period beginning on the Franchise Agreement's effective date and ending on the date we deliver our written notice approving the Salon's site (the "**Site Acceptance Date**"), we and our affiliates will not ourselves operate or authorize others to operate a PAINT Nail Bar® Salon, the physical premises of which are located within the Site Selection Area. But, we may engage in any other activities we desire within and outside the Site election Area during this period, including (a) manufacture, distribute, market, and sell products identified by the Marks in any channel of distribution within or outside the Site Selection Area, (b) own, establish, operate, and license and/or franchise other to own, establish and operate Salons outside of the Site Selection Area, whether under the Marks or other trademarks, and (c) own, establish, operate, and license and/or franchise others to own, establish and operate Salons located within the Site Selection Area under trademarks other than the Marks. You may not relocate your Salon without our prior written consent. If you do request relocation of your Salon, you must comply with our then-current relocation policies and procedures and reimburse us for our out-of-pocket costs and expenses.

During the Franchise Agreement's term, neither we nor our affiliates will operate or authorize others to operate a PAINT Nail Bar® Salon, the physical premises of which are located within your Territory. The "**Territory**" means the geographic area comprised of a circle with the Salon's front entrance at the center that generally will be a radius of 2 to 5 miles but may be larger or smaller depending on whether your Salon is in an urban, suburban, or rural area. Once we approve the Salon's Site, you will have no further territorial or other rights in those portions of the Site Selection Area that are outside the Territory. If you want to relocate the Salon, you must obtain our prior written consent, comply with our then-current relocation policies and procedures, and reimburse us for our out-of-pocket costs. However, we and our affiliates reserve all other rights that the Franchise Agreement does not expressly grant to you. This includes the right (without regard to proximity to the Salon), on the terms and conditions we deem appropriate, whether ourselves or through authorized third parties (including our affiliates), to (a) manufacture, distribute, market, and sell products identified by the Marks in any channel of distribution within or outside the Territory, (b) own, establish, operate, and license and/or franchise other to own, establish and operate Salons outside of the Territory, whether under the Marks or other trademarks, and (c) own, establish, operate, and license and/or franchise others to own, establish and operate Salons located within the Territory under trademarks other than the Marks.

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. We do provide a protected area where you have the exclusive right to locate a PAINT Nail Bar® Salon and we will not allow others to locate Salons

within it. We are not required to pay any compensation to you for soliciting or accepting orders inside your Territory.

There are no restrictions on your soliciting guests outside your Territory or otherwise competing with other PAINT Nail Bar® Salons which are now, or may in the future be, located outside your Territory. You may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing, to make sales (as opposed to advertising and marketing) because you may only make sales at the Salon.

You have no options, rights of first refusal or similar rights to acquire additional franchises within your Territory or contiguous territories. Continuation of the exclusivity of your Territory does not depend on your achieving a certain sales volume, market penetration, or other contingency, and we may not alter your Territory or modify your territorial rights before your Franchise Agreement expires or is terminated (although we may do so upon renewal).

Area Development Program

The Area Development Program is granted for specific geographical areas (the "**Development Area**") as identified in the ADA. There is no minimum territory granted under an Area Development Program. The Development Area may be different geographical locations throughout the United States. If you comply with the ADA and all Franchise Agreements with us, then during the term of the ADA, we will not operate (directly or through an affiliate) nor grant a franchise for the operation of a PAINT Nail Bar® Salon to be located within the Development Area, except for franchises granted to you. If you do not meet the Development Schedule, you will breach the ADA. We may then elect to terminate the ADA and you will forfeit any unused balance of the Development fee that you have paid to us. The criteria for our approval of a Site for any Salon in the Development Area will be as identified in our then-current Franchise Agreement, which may differ from the Franchise Agreement attached to this disclosure document as Exhibit "B."

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

Reserved Rights

Except as expressly granted in this Agreement, we (and our affiliates) retain all rights with respect to PAINT Nail Bar® Salons, Marks, the sale of similar or dissimilar products and services, and any other activities we (or our affiliates) deem appropriate wherever and whenever we determine including without limitation, the right to:

(a) solicit prospective franchisees and grant other persons franchises, or other rights to operate PAINT Nail Bar® Salons through national or regional advertising, trade shows or conventions, or using or through the internet, intranet or other forms of e-commerce or through similar means, wherever located, including your Salon;

(b) host prospective and current franchisees at your Salon and have tours conducted in your Salon;

(c) own and operate PAINT Nail Bar® Salons ourselves or through affiliates, or license third parties to own and operate Paint Nail Bar® Salons anywhere, except that we will not operate or license another party to operate a PAINT Nail Bar® Salon under the Marks in your Territory;

(d) sell, solicit, recruit and provide services for PAINT Nail Bar® Salons or any business or franchised business not defined as a PAINT Nail Bar® Salon in this Agreement;

(e) sell and provide the products and/or services authorized for sale by PAINT Nail Bar® Salons under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (like telephone, mail order, kiosk, co-branded sites and sites located within other retail businesses, intranet, internet, web sites, wireless, email or other forms of e-commerce), including the sale and distribution of nail polish and other supplies and PAINT Nail Bar® branded products in grocery and other retail stores, for distribution within and outside of your Territory and pursuant to such terms and conditions as we consider appropriate;

(f) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at PAINT Nail Bar® Salons, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in your Territory);

(g) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at PAINT Nail Bar® Salons, or by another business, even if such business operates, franchises and/or licenses Competitive Salons (defined below) in the Territory;

(h) conduct all internet related, e-commerce, social media and related communications relating to the operation of PAINT Nail Bar® Salons or the selling of services offered at any of the PAINT Nail Bar® Salons. In this connection, we will have the sole right to establish one or more websites that contain any of the Marks or that advertise, market or promote any of the services that we authorize for PAINT Nail Bar® Salons. You agree to follow our rules and policies with respect to the use of the internet and social media, both for advertising and marketing, and for the conducting of electronic commerce. We may engage in internet and e-commerce, marketing, promotion and operation even if those activities affect customer relationships within your Territory;

(i) offer, promote and perform delivery services, whether or not using the Marks, anywhere;

(j) solicit prospective franchisees for, and own and operate, businesses and salons of any other kind or nature, anywhere, except that we will not operate or grant a franchise to operate a PAINT Nail Bar® Salon in your Territory; and

(k) vary System Standards or other aspects of the System for any franchise owner. You have no right to require us to grant you a similar variation or accommodation.

ITEM 13
TRADEMARKS

We grant you the non-exclusive right to use and display the Marks in operating, marketing, and advertising your Salon. The status of the registration of our principal Marks on the Principal Register of the United States Patent and Trademark Office (the "**PTO**") is as follows:

	Registration Number	**Registration Date**
PAINT NAIL BAR®	4874455	December 22, 2015
PAINT NAIL BAR A LUXURY NAIL AFFAIR®	5320334	October 31, 2017

Our principal Marks are owned by our 2 founders - Mark and Michele Schlossberg. They license them to us as our owners under an oral license.

We have filed all required affidavits and renewal documents for the principal Marks. You must follow our rules when you use the Marks.

The Mark for the private label nail products (Primers by PAINT®) is owned by Marcie Krempel, CEO of our affiliate PbP. Marcie licenses this Mark to us. This Mark was registered on the principal register of the USPTO on February 22, 2022 with registration number of 6654548. The License Agreement provides that the owner of the mark has the right to specify, inspect, and oversee the quality standards of our services and products to assure the protection, enhancement, and goodwill of the Mark. The License Agreement is of perpetual duration and will remain in effect unless terminated by us or the owner of the Mark. If we breach the License Agreement, or if the License Agreement is otherwise terminated, you may lose your rights to use the Mark.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks. No agreement currently in effect significantly limits our right

to use or sublicense the Marks in any manner material to the franchise.

You must notify us promptly of any claim by others (1) that you are infringing their trademark rights by using the Marks or (2) to any rights in the Marks which are inconsistent with the Franchise Agreement or our exclusive rights to the Marks. You must fully cooperate with us in prosecuting any infringement claim or defending a claim that you are infringing any other party's trademark rights. We may take the action we deem appropriate (including no action) and exclusively control any proceeding concerning the Marks. If you comply with the Franchise Agreement, we will defend you with counsel we select and indemnify you against all damages that you incur in a proceeding disputing your right to use the Marks under the Franchise Agreement. However, we will not defend or indemnify you for any claims involving unauthorized use of the Marks.

If, in our reasonable opinion, it is desirable to modify or discontinue using the Marks and/or to use one or more additional or substitute marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for any costs or expenses associated with this obligation, including costs to change the Salon's signs, loss of revenue or profits, start-up or other expenses, or any other incidental or consequential expenses due to the change in Marks.

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks.

You derive the right to use the Marks only under a franchise agreement.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patent applications are material to the franchise. We claim copyrights in the Manual, advertising, training and promotional materials, and similar items used in operating the franchise. We have not registered any copyrighted materials with the US Registrar of Copyrights but need not do so at this time to protect them. You must modify or discontinue using the copyrighted materials as we direct.

There currently are no effective determinations of the PTO, United States Copyright Office or any court regarding any of the copyrighted materials. No agreement limits our right to use or license the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your using the copyrighted materials. We need not protect or defend copyrights or take any action if notified of infringement, although we intend to do so if in our system's best interests. We may take the action we deem appropriate (including no action) and control any proceeding involving the copyrights. No agreement requires us to participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or claims arising from your use of copyrighted items.

We will disclose certain Confidential Information to you during the Franchise Agreement's term. The Manuals contain Confidential Information. "**Confidential Information**" means information, processes, methods, techniques, procedures and knowledge, including know-how (which includes information that is secret and substantial), manuals and trade secrets (whether or not judicially recognized as a trade secret), that we or our predecessor, or our or its affiliates, developed or will develop relating to the development or operation of a PAINT Nail Bar® Salon. For this definition, "**secret**" means that the know-how as a body or in its precise configuration is not generally known or easily accessible and "**substantial**" means information which is important and useful to you in developing and operating the Salon. Confidential Information includes:

(1) methods, techniques, equipment, specifications, standards, policies, procedures and information relating to the development, operation, and franchising of PAINT Nail Bar® Salons,

(2) knowledge of suppliers and specifications for certain materials, equipment and fixtures for PAINT Nail Bar,

(3) operating results and financial performance of PAINT Nail Bar® Salons other than your Salon,

(4) all marketing, promotional or training materials used in the operation of or relating to PAINT

Nail Bar® Salons, and

(5) the System Standards and the Manuals.

You may disclose the Confidential Information to your owners and employees only to the extent reasonably necessary for the development and operation of your Salon.

You and those of your owners and employees who have access to the Confidential Information must maintain the confidentiality of the Confidential Information and may not, during or after the Franchise Agreement's term, use the Confidential Information in any other business or capacity or make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible or intangible form. You also must adopt and implement all reasonable procedures we periodically specify to prevent unauthorized use or disclosure of the Confidential Information, which includes requiring those of your owners and employees with access to the Confidential Information to sign confidentiality agreements in the form we periodically specify.

The restrictions on the disclosure and use of the Confidential Information will not apply to (a) information, methods, procedures, techniques and knowledge which are or become generally known to the general public, other than through disclosure (whether deliberate or inadvertent) by you or any owner or employee, and (b) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that you are legally compelled to disclose the information, if you have notified us before disclosure and used your best efforts to obtain, and afforded us the opportunity to obtain, an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information.

You must promptly disclose to us all ideas, concepts, methods, techniques and products that you and/or your affiliates, owners, agents, representatives, contractors or employees conceive or develop during the term of the Franchise Agreement relating to the development or operation of a PAINT Nail Bar® Salon (collectively, "**Innovations**"). All Innovations are our sole and exclusive property, part of the franchise system, and works made-for-hire for us. If any Innovation does not qualify as a work made-for-hire for us, you must help us obtain all intellectual property rights in the Innovation. We have no obligation to make any lump sum or other payments to you or any other person relating to any Innovation. You must not use, nor allow any other person to use, those Innovations, whether at the Salon or otherwise, without obtaining our prior written approval.

You derive the right to use these items only under a franchise agreement with us.

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

We do not require, but do recommend, that you (or your managing owner) personally supervise your Salon. Only a full-time, on-premises manager who (a) devotes his or her full working time and best efforts to the Salon's day-to-day on-premises operations, (b) has satisfactorily completed our management training program, and (c) is not engaged in any other business endeavor (except passive investments which do not interfere with the performance of his or her duties as manager), may serve as the Salon's manager. You must ensure that your managers agree to comply with the Franchise Agreement's confidentiality, non- competition, and innovations provisions. Unless we approve, you must at all times retain and exercise direct management control over all aspects of the Salon's business and the products and services it offers. You may not enter into any management arrangement, subcontracting arrangement or other arrangement under which any other party (including your affiliate) provides or exercises management control over any aspect of the Salon's operations or the products or services it offers without our approval. The Salon's manager need not have an equity interest in the Salon (or in you).

If you are a corporation, limited liability company, partnership, or other business entity, each owner we designate as a Guarantor must fully guarantee all of your monetary and non-monetary obligations to us under the Franchise Agreement and agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, including the confidentiality, non-competition, fees and arbitration provisions, by signing the Principal Owner's Guaranty in the form attached as Exhibit "H" to the franchise disclosure document. **Guarantors**" means each owner having an ownership interest in you or any entity directly or indirectly controlling

you of 20% or more (regardless of whether that owner is entitled to vote) and any other owner we may designate when the Franchise Agreement is signed. If your spouse or other family members are also owners of your business entity, they must sign the Principal Owner's Guaranty. We do not require your on-premises Manager to have an ownership in you if you are a business entity.

We will grant PAINT Nail Bar® Salon franchises under the Franchise Agreement only to you or your Affiliated Entitles. "**Affiliated Entity**" means a corporation, limited liability company, or other business entity of which you or one or more of your owners own at least 51% of the total authorized ownership interests, but only if you or your owner(s) have the right to control the entity's management and policies.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products and services that we periodically require for PAINT Nail Bar® Salons. We may require you to stop offering any products or services that we no longer authorize. Currently, your Salon must offer manicures, pedicures, waxing and massage services. We currently do not authorize any other products or services for the Salon. We may periodically change the types of authorized services and products for your Salon and there is no limited on our right to do so.

Our System Standards may regulate maximum, minimum and other pricing requirements for products and services that the Salon offers, including requirements for promotions, special offers and discounts in which some or all PAINT Nail Bar® Salons participate, in each case to the maximum extent the law allows. They also may regulate participation in and requirements for loyalty programs for guests of PAINT Nail Bar® Salons.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
Provisions	**Section in Franchise or Other Agreements**	**Summary**
(a) Length of the franchise term	FA: §2.2	10 years after the earlier of (a) the date on which the Salon first opens for guest services of any kind or (b) 365 days following the effective date of the franchise agreement.
	ADA: §2	Expires on the last day of the Development Schedule or the opening of the last Salon specified in the Development Schedule, whichever occurs first.
(b) Renewal or extension of the term	FA: §15.1	If you are in good standing, you can acquire 2 additional 5-year periods on terms and conditions of our then-current franchise agreement, which may contain terms and conditions that are materially different.

(c) Requirements for franchisee to renew or extend	FA: §15	To remain a franchisee, you must meet all required conditions of renewal (Successor Franchise), including signing our then-current form of franchise agreement, which may be materially different than your original contract; maintain the Site or secure substitute Site, bring Salon into compliance with our then-current specifications and standards, sign ancillary agreements, general releases, satisfactory completion of training and refresher programs, pay all fees in full and pay a successor franchise fee equal to 50% of our then-current initial franchise fee
(d) Termination by franchisee	Not applicable	You may terminate the franchise agreement as provided for by applicable law.
(e) Termination by franchisor without cause	Not applicable	Not applicable
(f) Termination by franchisor with cause	FA: §§ 3.8 ad 16.2 ADA: §6	We can terminate only if you commit one of several violations or if we fail to agree on a Site or you have not signed a lease within 365 days. Termination of any FA does not constitute a cause to terminate the ADA; and termination of the ADA does not constitute a cause to terminate any FA.
(g) "Cause" defined - curable defaults	FA: §16.3	30 days to cure: (a) you or a Certified Manager are not present at the Salon during all open hours; (b) failure to keep the Salon open during

THE FRANCHISE RELATIONSHIP		
Provisions	**Section in Franchise or Other Agreements**	**Summary**
		the required hours; (c) purchasing or leasing any product or service from an unapproved supplier; (d) failure to participate in a Co-op; (e) failure to obtain and maintain required permits; (f) if you are a Business Entity, failure to maintain active status in your state of organization; (g) failure to promptly pay any amounts due us or your suppliers including landlords or lessors; (h) failure to timely make required reports; (i) failure to maintain sufficient liquid funds to pay amounts to us via electronic transfer; (j) you violate any provision of your Franchise Agreement; (k) failure to maintain any standards or procedures contained in the Manuals, memos, communications or notices we have disseminated or published; or (l) failure to obtain any approvals or consents required by your Franchise Agreement.
	ADA: §6	Failure to comply with Development Schedule.
(h) "Cause" defined - non-curable defaults	FA: §§ 16.1 and 16.2	This Agreement will automatically terminate without notice or an opportunity to cure if: (a) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law; (b) consent to or acquiesce to the appointment of a trustee or receiver for you or the Salon; (c) if proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law. We have the right to terminate upon notice for: (a) Any material misrepresentation or omission; (b) failure to begin operating the Salon within 12 months of the Effective Date of your Franchise Agreement; (c) failure to satisfactorily complete required initial or other training; (d) abandonment; (e) an unauthorized transfer; (f)) conviction of, , or plead of no contest, or guilty, to, a felony or other serious crime or offense; (g) any dishonest or unethical conduct; (h) understate Gross Sales by 3% or more; (i) unauthorized assignment of your Franchise Agreement, you or the Salon; (j) your, or your

THE FRANCHISE RELATIONSHIP		
Provisions	**Section in Franchise or Other Agreements**	**Summary**
		owner's, death or disability that is not transferred as required; (k) loss of possession of the Site; (l)) any unauthorized use or disclosure of any Confidential Information; (m) any uncured violation of any health, safety or sanitation law, ordinance or regulation; (n) monetary defaults, including failure to pay taxes, your landlord or suppliers (o) uncured failure to comply with your Franchise Agreement, or any System Standard; (p) repeated failure to submit when due reports or other data, information or supporting records; (q) failure to maintain insurance; (r) you engage in any violent behavior; (s) violate in-term restrictive covenant; (t) failure to comply with local law.
	ADA: §6	Failure to comply with Development Schedule.
(i) Franchisee's obligations on termination/ non- renewal	FA: §17	Obligations include payment of outstanding amounts, complete de-identification and return of confidential information (also see r below).
(j) Assignment of contract by franchisor	FA: §14.1	No restriction on our right to assign.
(k) "Transfer" by franchisee - defined	FA: §14.2	FA: Your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) your Franchise Agreement; (b) you; or (c) the Salon.
	ADA: §10	You may not transfer the ADA.
(l) Franchisor approval of transfer by franchisee	FA: §§14.2 and 14.4	We have the right to approve all transfers, even to a Business Entity controlled by you.
(m) Conditions for franchisor approval of transfer	FA: §14.3	New franchisee qualifies, you pay us all amounts due, new owners and/or managerial employees agree to be trained, transferee agrees to be bound by terms and conditions of franchise agreement and to sign our then-current form of franchise agreement, transferees agrees to upgrade the Salon, if necessary, transfer fee paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require – including general releases (also see r below).
(n) Franchisor's right of first refusal to acquire franchisee's business	FA: §14.8	We can match any offer for your business or an ownership interest in you provided that we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 60 days to

THE FRANCHISE RELATIONSHIP		
Provisions	**Section in Franchise or Other Agreements**	**Summary**
		prepare for closing and we receive all customary representations and warranties, as we specify as we specify.
(o) Franchisor's option to purchase franchisee's business	FA: § 17.5	Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within 60 days from the date of such termination, to purchase any property or assets used in connection with operation of the Salon by for the book value for such property.
(p) Death or disability of franchisee	FA: §14.5	Franchise or an ownership interest in you must be assigned to an approved buyer within a period we designate, not less than 1 month but not more than 6 months and must be run by a trained manager during the period prior to the assignment. Assignment is subject to our right of first refusal.
(q) Non-competition covenants during the term of the franchise	FA: §9	No direct or indirect interest in a competitive Salon anywhere or 2 miles of any other PAINT Nail Bar® Salon, no direct or indirect controlling ownership interest in, or performance of services for, a competitive Salon anywhere. We may require your managers and employees to sign our then current form of Confidentiality and Non-Competition Agreement.
(r) Non-competition covenants after the franchise is terminated or expires	FA: §17.5	No direct or indirect interest in competing business for 2 years at, or within 5 miles of the Site or within 5 miles of any other PAINT Nail Bar® Salon in operation or under construction (same restrictions apply after assignment).
(s) Modification of the agreement	FA: §§19.1 and 19.13	No modifications except by written agreement, but Manual and System Standards are subject to change.
(t) Integration/merger clause	FA: §§ 19.1 and 19.13	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any other promises may not be enforceable. No claim made in any franchise agreement is intended to disclaim the express representations made in this disclosure document.
(u) Dispute resolution by arbitration of mediation	FA: §20	You must bring all disputes before our CEO/ President before bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted to mediation in the city in which are principal

THE FRANCHISE RELATIONSHIP		
Provisions	**Section in Franchise or Other Agreements**	**Summary**
		business office is located (currently Sarasota, Florida) under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. The parties will not be required to first attempt to mediate a controversy, dispute, or claim regarding (1) any federally protected intellectual property; (2) warranty claims; (3) any restrictive covenants; and (4) any claims to collect past due amounts.
(v) Choice of forum	FA: §19.8	All claims not resolved by or subject to mediation, must be brought before a court of general jurisdiction in the county in which our principal business office is located - currently Sarasota County, Florida (subject to state law). Please see the State-Specific Addenda attached as Exhibit F to this disclosure document for further details. You agree that there will be no class actions. The parties agree to waive jury trials.
(w) Choice of law	FA: §15.7	Florida law applies (subject to state law).

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

As of December 31, 2023, we had 3 corporate Salons open and operating in the United States. Below is a chart representing the average monthly revenue, expenses and net operating income for the two corporate Salons that were open for the entirety of 2023.

Average Monthly Revenue and Expenses for Corporate Salons

	Salon 1	Salon 2
Revenue	$104,965	$67,203
Expenses:		
Payroll (Manager/Front Desk)	$11,500	$7,500
Payroll (Technicians)	$37,244	$21,800
COGS	$3,825	$3,408
Supplies	$6,014	$4,015
Bank Charges	$3,729	$2,875
Computer and Software (Booker, AI, Insights)	$479	$479
Dues & Subscriptions	$100	$100
Insurance	$1,400	$1,100
Marketing (social media, events)	$950	$950
Rent	$6,200	$7,375
Repair & Maintenance	$150	$225
Utilities	$550	$465
Total Expenses	$72,141	$50,292
Net Operating Income	$32,824	$16,911
Franchisee-Incurred Expenses:		
Royalty Fee (6%)	$6,297	$4,032
Marketing Fund (1%)	$1,049	$672
Local Marketing (0.5%)	$524	$336
Technology Fee ($650)	$650	$650
Adjusted Net Operating Income	$24,301	$11,220

As of December 31, 2023, we had 27 franchised Salons open and operating in the United States. Below, we have complied in Table 2 the historical monthly Gross Revenues of the 2022 Calendar Year (which are unaudited figures) from 23 of the 27 PAINT Nail Bar® Salons operated by our franchisees that were open a full 12 months as of December 31, 2022 (the "Included Salons"). We have excluded 4 Salons as they were not open for the entire 2022 calendar year. Additionally, we have included the Gross Revenues of 22 of the 23 Included Salons for the period January 1, 2023 through December 31, 2023 in Table 3. We have excluded 1 salon that was not opened for the entire 2023 calendar year.

	SALON 1	SALON 2	SALON 3	SALON 4	SALON 5	SALON 6	SALON 7	SALON 8	SALON 9	SALON 10	SALON 11	SALON 12	SALON 13	SALON 14	SALON 15
JAN	$48,656.05	$58,620.60	$104,883.46	$66,470.02	$36,188.51	$42,663.19	$53,292.88	$31,921.90	$54,296.70	$40,163.60	$43,337.20	$63,135.40	$52,884.40	$30,670.20	$46,715.60
FEB	$49,385.00	$61,356.10	$117,434.50	$68,587.30	$45,261.58	$44,900.90	$53,807.03	$39,019.70	$66,452.60	$41,153.29	$43,319.00	$57,162.40	$52,884.40	$31,572.40	$57,557.60
MAR	$66,039.08	$61,703.00	$118,574.99	$69,457.40	$44,168.48	$50,269.50	$62,439.02	$42,603.80	$91,332.35	$51,469.99	$54,926.75	$68,681.80	$68,997.00	$32,858.45	$64,390.80
APR	$64,847.80	$55,783.40	$108,677.75	$81,085.00	$44,172.90	$50,479.40	$53,797.55	$45,256.40	$85,373.90	$53,604.95	$54,886.18	$73,286.40	$73,016.00	$31,755.15	$66,860.60
MAY	$72,106.38	$61,221.00	$124,537.20	$79,849.30	$50,780.75	$53,591.80	$58,941.55	$48,943.90	$79,805.90	$62,019.99	$49,070.10	$74,176.80	$74,039.30	$34,799.40	$63,475.40
JUN	$71,046.55	$55,535.90	$113,085.30	$72,150.70	$46,941.65	$45,997.20	$60,332.10	$48,891.20	$62,654.05	$59,438.95	$51,627.60	$61,880.60	$76,693.70	$26,516.90	$68,327.40
JUL	$68,008.75	$52,190.00	$111,058.96	$72,769.40	$47,188.30	$45,558.96	$63,435.17	$45,074.20	$55,880.70	$53,679.30	$47,261.06	$59,981.20	$69,389.00	$23,076.80	$61,546.40
AUG	$74,011.18	$46,400.00	$119,225.80	$84,556.10	$47,150.18	$48,990.48	$66,961.35	$44,135.20	$62,542.55	$55,796.70	$50,970.80	$61,128.55	$62,450.80	$22,472.30	$55,225.60
SEPT	$67,213.11	$45,156.20	$116,135.96	$71,404.00	$42,689.50	$43,472.79	$62,480.35	$41,004.70	$69,733.30	$53,169.21	$60,650.29	$64,226.80	$56,552.58	$16,732.30	$53,863.20
OCT	$66,529.53	$51,374.51	$113,547.10	$72,564.20	$47,479.55	$49,811.20	$61,130.47	$32,521.00	$66,793.00	$52,302.72	$58,751.10	$68,008.40	$63,900.23	$16,921.05	$52,132.80
NOV	$80,398.47	$64,636.15	$145,483.72	$83,679.80	$64,438.40	$49,811.20	$68,990.50	$42,067.50	$70,824.90	$54,545.15	$63,530.90	$ 59,546.40	$63,078.40	$22,795.20	$61,576.60
DEC	$85,878.96	$78,054.56	$161,584.50	$106,281.40	$86,104.24	$58,891.00	$75,281.43	$49,740.70	$75,787.20	$80,592.85	$75,105.85	$101,566.39	$84,453.76	$22,406.40	$67,304.60

3. Gross Revenues January 1 through December 31, 2023:

	SALON 1	SALON 2	SALON 3	SALON 4	SALON 5	SALON 6	SALON 7	SALON 8	SALON 9	SALON 10	SALON 11	SALON 12	SALON 13	SALON 14	S
JAN	$66,453.39	$50,155.50	$125,690.86	$78,764.20	$43,712.80	$66,453.39	$59,801.40	$51,715.05	$51,888.90	$53,743.00	$77,880.00	$59,799.90	$21,249.19	$48,292.60	$
FEB	$67,917.55	$52,708.80	$133,831.45	$69,159.20	$47,973.20	$62,630.88	$60,351.40	$51,020.40	59,819.68	$60,645.00	$76,985.50	$57,940.40	$20,319.65	$54,473.40	$
MAR	$78,916.00	$57,407.60	$137,508.89	$76,551.20	$52,991.10	$68,181.32	$68,758.40	$50,478.20	$63,748.83	$70,698.00	$82,390.90	$53,136.30	$18,174.80	$60,764.00	$
APR	$78,332.20	$54,580.02	$133,646.20	$78,093.60	$48,879.00	$62,880.48	$69,928.70	$61,609.05	$73,542.71	$81,917.00	$74,866.90	$54,490.35	$18,688.70	$57,171.80	$
MAY	$82,439.75	$80,544.40	$149,817.60	$92,936.50	$41,870.90	$71,773.70	$73,791.90	$62,977.88	$85,327.64	$69,132.50	$80,214.35	$53,114.14	$24,939.25	$69,229.18	$1
JUN	$67,206.43	$67,297.50	$125,816.90	$90,033.40	$42,497.44	$63,799.35	$71,322.50	$62,187.30	$87,637.70	$59,149.00	$73,337.90	$51,731.15	$20,437.00	$65,466.20	$
JUL	$57,467.95	$70,545.95	$124,198.30	$79,520.80	$38,503.54	$58,373.70	$68,259.20	$55,966.10	$75,538.20	$51,185.33	$67,198.80	$46,189.24	$17,719.60	$61,368.00	$
AUG	$67,055.76	$71,226.00	$133,443.10	$83,973.20	$39,610.90	$73,929.85	$70,094.20	$63,820.48	$78,082.65	$49,961.95	$72,825.10	$49,464.05	$21,012.20	$60,617.40	$
SEPT	$70,120.93	$61,752.19	$121,025.65	$81,740.90	$45,482.80	$64,228.32	$69,363.70	$54,328.70	$73,909.40	$50,672.50	$69,540.20	$40,352.96	$24,019.41	$63,361.80	$
OCT	$66,162.00	$60,460.00	$125,614.00	$68,636.00	$44,319.00	$65,873.00	$57,277.00	$51,019.50	$73,036.00	$66,847.72	$64,991.00	$36,731.00	$20,831.00	$51,933.00	$

The Gross Revenues include sales of all products and services from or at the Included Salon, including for nail technician care and polishing services; lash and waxing services; retail sales of merchandise (including nail and body products, lash products, candles, jewelry, clothing, etc.); sales of gift cards; commission proceeds from truck shows; and party fees. It is based on the same standards for computation of royalties under the franchise agreement.

We obtained these figures from the information submitted by our franchisees.

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

Written substantiation of the data used in preparing this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial information, PAINT Nail Bar Franchise Company, LLC, does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual record 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 Mark Schlossberg, 1432 First Street, Sarasota, Florida 34236, (301) 807-2971, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-Wide Summary Outlet for Years Ending December 31, 2021, 2022 and 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	19	24	+5
	2022	24	27	+5
	2023	27	23	-4
Company-Owned[(1)]	2021	1	1	0
	2022	1	2	+1
	2023	2	3	+1

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	**2021**	**20**	**25**	**+5**
	2022	**25**	**29**	**+4**
	2023	**29**	**26**	**-3**

(1) These outlet are owned by affiliates, PNB and SSL, which opened its Salon in February 2022

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other Than the Franchisor) for Years Ending December 31, 2021, 2022 and 2023

State	Year	Number of Transfers
Florida	2021	0
	2022	1
	2023	1
Maryland	2021	0
	2022	0
	2023	1
Michigan	2021	0
	2022	0
	2023	1
Missouri	2021	0
	2022	1
	2023	0
Ohio	2021	0
	2022	0
	2023	1
Tennessee	2021	0
	2022	1
	2023	0
Texas	2021	0
	2022	1
	2023	1
Total	**2021**	**0**
	2022	**3**
	2023	**5**

Table No. 3

Status of Franchised Outlets For Years Ending December 31, 2021, 2022 and 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terming-actions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
California	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	1	0	1	0	0
Colorado	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	0	1	0	0	0	0	1
Florida	2021	4	1	0	0	0	0	5
	2022	5	1	0	0	0	0	6
	2023	5	1	0	0	0	0	6
Kansas	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terming-actions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Kentucky	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	0	1	0	0	0	0	1
Maryland	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Michigan	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Minnesota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Missouri	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
North Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	1	1	0	0	0	0	2
Oklahoma	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Pennsylvania	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Texas	2021	3	2	0	0	0	0	5
	2022	5	0	0	0	0	1	4
	2023	4	0	0	0	0	1	3
Virginia	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Totals	**2021**	**18**	**6**	**0**	**0**	**0**	**0**	**24**
	2022	**24**	**4**	**0**	**0**	**0**	**1**	**27**
	2023	**27**	**1**	**3**	**0**	**1**	**1**	**23**

Table No. 4
Status of Company-Owned Outlets [(1)]
For Years Ending December 31, 2021, 2022 and 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
Florida[(1)]	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
	2023	1	1	0	0	0	2
Totals	**2021**	**1**	**0**	**0**	**0**	**0**	**1**
	2022	**1**	**1**	**0**	**0**	**0**	**2**
	2023	**2**	**0**	**1**	**0**	**0**	**3**

(1) These outlets are owned by affiliates, PNB and SSL, which opened their Salons in February 2022.

Table No. 5
Projected Openings as of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
District of Columbia	1	0	0
Florida	4	2	0
Kentucky	0	0	0
Maryland	0	1	0
Michigan	0	1	0
Oklahoma	0	0	0
Texas	1	1	2
Virginia	1	1	0
Total	**7**	**6**	**2**

Currently, none of our franchisees have signed an Area Development Addendum. A list of the names of all franchisees and the addresses and telephone numbers of their businesses, as well as franchisees that have not opened their Salons as of the issuance date of this disclosure document, is provided in Exhibit O to this disclosure document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us or our predecessor within 10 weeks of the issuance date of this disclosure document is listed on Exhibit G to this disclosure document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

We are not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this disclosure document

During the last 3 fiscal years: (a) current franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system; and (b) former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with PAINT® Nail Bar franchise system. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

There are no (i) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (ii) independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2023, December 31, 2022 and December 31, 2021 are attached to this disclosure document as Exhibit "D." Our unaudited financial statements as of October 31, 2024 are also attached to this disclosure document as Exhibit "D."

ITEM 22
CONTRACTS

The following agreements are exhibits to this disclosure document

Exhibit B	Franchise Agreement
Exhibit C	Area Development Addendum
Exhibit E	Form of Release
Exhibit F	State-Specific Riders to Franchise Agreement
Exhibit H	Principal Owner's Guaranty
Exhibit I	Principal Owner's Statement
Exhibit J	Conditional Assignment of Telephone Numbers and Listing and Internet Addresses Exhibit
K	Confidentiality, Non solicitation and Noncompetition Agreement
Exhibit L	Lease Addendum
Exhibit M	Lender Consent
Exhibit N	Franchise Compliance Certificate

ITEM 23
RECEIPT

Exhibit "P" to this disclosure document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

If a state is not listed below, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Department of Financial Protection and Innovation *Los Angeles* 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 *Sacramento* 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 *San Diego* 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 *San Francisco* One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	Commissioner of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities Unit 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222	Attention: Uniform Commercial Code New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

EXHIBIT B TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

FRANCHISEE NAME AND ADDRESS: _____

_____

_____

EFFECTIVE DATE OF AGREEMENT: _____

ADDRESS OF SALON: _____

_____

_____

PAINT NAIL BAR® SALON NAME: _____

PAINT NAIL BAR® SALON NUMBER: _____

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Exhibit B Personal Guaranty

PAINT NAIL BAR® SALON
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is effective as of _____, 20__ (the "**Effective Date**"). The parties to this Agreement are **PAINT NAIL BAR FRANCHISE COMPANY, LLC**, a Florida limited liability company with its principal business address at 1432 First Street, Sarasota, Florida 34236 (referred to in this Agreement as "**we**," "**us**" or "**our**"), and _____ _____, whose principal business address is _____ _____ (referred to in this Agreement as "**you**," "**your**" or "**Franchise Owner"**).

INTRODUCTION. Various terms are defined in context throughout this agreement.

1.1 **The PAINT Nail Bar® Salon System**. We have developed valuable and proprietary business formats and systems ("**Systems**") that are used in developing and operating aesthetically superior, sanitary, and environmentally friendly nail and beauty salons identified by the service mark "PAINT Nail Bar®" and related commercial symbols that we periodically specify, as we may periodically modify them (the "**System"**). We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a franchise to own and operate a PAINT Nail Bar® Salon (a "**Salon**") offering the products and services we authorize and approve and utilizing the Marks and the System. You have applied for a franchise to own and operate a PAINT Nail Bar® Salon.

1.2 **Acknowledgments**. You acknowledge and agree that:

(a) you have read this Agreement and our Franchise Disclosure Document;

(b) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each PAINT Nail Bar® Salon and to protect and preserve the goodwill of the Marks;

(c) you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, and particularly due to the short operating history, the nature of the business conducted by a PAINT Nail Bar® Salon may evolve and change over time;

(d) an investment in a PAINT Nail Bar® Salon involves business risks;

(e) your business abilities and efforts are vital to the success of the venture;

(f) any information you acquire from other PAINT Nail Bar® Salon franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;

(g) in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us;

(h) we have advised you to have this Agreement reviewed and explained to you by an attorney.

1.3 **Representations**. You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved your request to purchase a franchise in reliance on all of your representations.

1.4 **No Warranties**. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of PAINT Nail Bar® Salons. You acknowledge and understand the following:

(a) any statement regarding the potential or probable revenues, sales or profits of the business venture (if any) are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;

(b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing PAINT Nail Bar® Salon owned by us or our affiliates or that is not contained in our Franchise Disclosure Document is unauthorized, unwarranted and unreliable and should be reported to us immediately; and

(c) you have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you must: (i) immediately notify our chief executive officer; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.

1.5 **Delegation of Performance**. We may delegate the performance of any portion or all of our obligations under this Agreement to third parties, whether they are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third parties will be obligated to perform the delegated functions for you in compliance with this Agreement.

1.6 **Business Organization**. If you are at any time a business organization ("**Business Entity**") (like a corporation, limited liability company or partnership) you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) the Principal Owners Statement will completely and accurately describe all of your owners and their interests in you. A copy of our current form of Principal Owners Statement is attached to the Franchise Disclosure Document;

(d) you and your owners agree to revise the Principal Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your

organization or formation as we may request (no ownership changes may be made without our approval);

(e) each of your owners during the term of this Agreement will sign and deliver to us our standard form of Principal Owners Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owners Guaranty is attached to the Franchise Disclosure Document;

(f) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements). Your organizational structure and governing documents must be acceptable to us and contain terms and provisions to prevent management deadlocks and resolve disputes among your shareholders or owner with minimal disruption to your business operations; and

(g) during the Term, one of your owners will maintain a controlling ownership interest in the Business Entity, with authority to make operational decisions that are binding on you.

2. GRANT AND TERM

2.1 **Grant of Franchise**. You have applied for a franchise to own and operate a PAINT Nail Bar® Salon only at a location we have approved (the "**Site**"). Subject to the terms of and upon the conditions contained in this Agreement, we grant you a franchise (the "**Franchise**") to: (a) operate a PAINT Nail Bar® Salon at the Site, and at no other location; (b) use the Marks in connection with operating the Salon; and (c) use the System in its operation. You may not operate the Salon from any location other than the Site without our prior written consent. You must not engage in delivery services without our written consent.

2.2 **Term**. The term of the Franchise and this Agreement begins on the Effective Date and expires 10 years after the earlier of (a) the date on which the Salon first opens for guest services of any kind (the "**Actual Opening Date**") or (b) 365 days following the Effective Date. (the "**Term**"). This Agreement may be terminated before it expires in accordance with its terms. You agree that you will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the Salon for the full Term. As a franchise owner of a PAINT Nail Bar® Salon, you will comply with this Agreement and all System Standards (defined below) in order to maintain the high and consistent quality that is critical to attracting and keeping customers for PAINT Nail Bar® Salons. During the Term, you will not engage in any other business or activity that conflicts with your obligations to operate the Salon in compliance with this Agreement.

2.3 **Territory**. The territory (the "**Territory**") of a PAINT Nail Bar® Salon generally consists of the Site and a circle with the Salon's front entrance at the center that generally will be a radius of between 2 and 5 miles but may be larger or smaller depending on whether your Salon is in an urban, suburban, or rural area. Continuation of the exclusivity of your Territory does not depend on your achieving a certain sales volume, market penetration, or other contingency, and we may not alter your Territory or modify your territorial rights before your Franchise Agreement expires or is terminated (although we may do so upon renewal). We will establish the Territory once we have approved the Site by completing Exhibit "A." We will not approve a Site within the Territory of any other PAINT Nail Bar® Salon, whether it is franchised or owned by us. During the Term, as long as you are in compliance with this Agreement, we will not grant a franchise for, nor ourselves operate, a PAINT Nail Bar® Salon within your Territory.

2.4 **Rights We Reserve**. Except as expressly granted in this Agreement, we (and our affiliates) retain all rights with respect to PAINT Nail Bar® Salons, Marks, the sale of similar or dissimilar products and services, and any other activities we (or our affiliates) deem appropriate wherever and whenever we determine including without limitation, the right to:

(a) solicit prospective franchisees and grant other persons franchises, or other rights to operate PAINT Nail Bar® Salons through national or regional advertising, trade shows or conventions, or using or through the internet, intranet or other forms of e-commerce or through similar means, wherever located, including your Salon;

(b) host prospective and current franchisees at your Salon and have tours conducted in your Salon;

(c) own and operate PAINT Nail Bar® Salons ourselves or through affiliates, or license third parties to own and operate Paint Nail Bar® Salons anywhere, except that we will not operate or license another party to operate a PAINT Nail Bar® Salon under the Marks in your Territory;

(d) sell, solicit, recruit and provide services for PAINT Nail Bar® Salons or any business or franchised business not defined as a PAINT Nail Bar® Salon in this Agreement;

(e) sell and provide the products and/or services authorized for sale by PAINT Nail Bar® Salons under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (like telephone, mail order, kiosk, co-branded sites and sites located within other retail businesses, intranet, internet, web sites, wireless, email or other forms of e-commerce), including the sale and distribution of nail polish and other supplies and PAINT Nail Bar® branded products in grocery and other retail stores, for distribution within and outside of your Territory and pursuant to such terms and conditions as we consider appropriate;

(f) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at PAINT Nail Bar® Salons, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in your Territory);

(g) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at PAINT Nail Bar® Salons, or by another business, even if such business operates, franchises and/or licenses Competitive Salons (defined below) in the Territory;

(h) conduct all internet related, e-commerce, social media and related communications relating to the operation of PAINT Nail Bar® Salons or the selling of services offered at any of the PAINT Nail Bar® Salons. In this connection, we will have the sole right to establish one or more websites that contain any of the Marks or that advertise, market or promote any of the services that we authorize for PAINT Nail Bar® Salons. You agree to follow our rules and policies with respect to the use of the internet and social media, both for advertising and marketing, and for the conducting of electronic commerce. We may engage in internet and e-commerce, marketing, promotion and operation even if those activities affect customer relationships within your Territory;

(i) offer, promote and perform delivery services, whether or not using the Marks, anywhere;

(j) solicit prospective franchisees for, and own and operate, businesses and salons of any other kind or nature, anywhere, except that we will not operate or grant a franchise to operate a PAINT Nail Bar® Salon in your Territory; and

(k) vary System Standards or other aspects of the System for any franchise owner. You have no right to require us to grant you a similar variation or accommodation.

2.5 **Business Judgment**. Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we deem appropriate according to our business judgment, and subject to reasonable deviations, to vary System Standards or other aspects of the System for any franchise owner. You have no right to require us to grant you a similar variation or accommodation.

3. SITE SELECTION AND DEVELOPMENT.

3.1 **Site Selection**. If you have not done so prior to signing this Agreement, you (with or without our assistance) must, within 90 days of the Effective Date, locate a site that we (in our reasonable discretion) have approved solely in the area that we have identified on Exhibit "A" as the "**Target Area**" on the Effective Date. You acknowledge and agree that the Target Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other PAINT Nail Bar® Salons, the nature of other businesses in proximity to the Site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed site. We will accept or reject a site you propose for a Salon within 15 days after we receive from you a complete site report and any other materials we request. If we do not respond within the 15-day period, then the site will be deemed rejected. You acknowledge and agree that:

(a) our recommendation or acceptance of the Site, and any information regarding the Site communicated to you, does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the Site for a PAINT Nail Bar® Salon or for any other purpose;

(b) our recommendation or acceptance of the Site indicates only that we believe that the Site falls within the acceptable criteria for sites and premises that we have established as of the time of our recommendation or acceptance of the Site;

(c) application of criteria that have appeared effective with respect to other sites and premises may not accurately reflect the potential for all sites and premises, and, after our acceptance of a site, demographic and/or other factors included in or excluded from our criteria could change to alter the potential of a site and premises; and

(d) the uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a site and premises we have recommended or approved to meet expectations as to potential revenue or operational criteria.

3.2 **Lease of Site**. You must deliver copies of the proposed lease agreement and related documents to us prior to signing them. You must not sign any lease agreement (or any renewal or modification thereof) or related documents unless we have previously accepted them. The insurance policy required by our System Standards must be in force and effect when the lease is signed. Our review and acceptance is designed to ensure that the lease contains terms that we accept or require for our benefit and the System; it is not a substitute for careful review and analysis by you and your advisors. Additionally, before entering into such a lease, you and the lessor must sign our then-current form of Collateral

Assignment and Assumption of Lease Agreement and Lease Rider (the "**Collateral Assignment and Lease Rider**"). You must give the lessor our forms of the Collateral Assignment and Lease Rider when you begin discussions with the prospective lessor. If you want to lease the Site from any of your affiliates (or affiliates of your principal owners), we may also require them to sign such agreements to ensure compliance with the provisions of this Agreement.

3.3 **Lease Acceptance**: You must:

(a) obtain our acceptance of the lease of the Site before you sign it, or any renewal of it;

(b) deliver a copy of the signed lease to us within 365 days of the Effective Date and within 5 days after its execution along with the Collateral Assignment and Lease Rider; and

(c) not sign any lease or renewal of a lease unless you have also obtained the Collateral Assignment and Lease Rider signed by the lessor.

3.4 **Mandatory Lease Terms**: We may require that the lease or any renewal contain certain provisions either with the lease itself or in the Lease Rider, including the following:

(a) a provision which expressly permits the lessor of the Site to provide us with all revenue and other information it may have related to the operation of your PAINT Nail Bar® Salon as we may request;

(b) a provision which requires the lessor to contemporaneously provide us with copies of any written notice of default under the lease sent to you and which grants to us, at our option, the right (but not the obligation) to cure any default under the lease (should you fail to do so) within 30 days after the expiration of the period in which you may cure the default;

(c) a provision which evidences your right to display the Marks in accordance with the specifications required by the Manuals (defined below), subject only to the provisions of applicable law;

(d) a provision which requires that any lender or other person will not disturb your possession of the Site so long as the lease term continues and you are not in default (along with such documents as are necessary to ensure that such lenders and other persons are bound);

(e) a provision which expressly states that your default under the lease, if not cured within any applicable cure period under the lease, also constitutes grounds for termination of this Agreement;

(f) a lease term which is at least equal to the initial term of this Agreement, either through an initial term of that length or rights, at your option, to renew the lease for the full Term of this Agreement;

(g) a limitation on the Landlord from leasing space to house a Competitive Salon;

(h) a provision in which the Landlord agrees that the use of premises will be limited to the operation of a franchised PAINT Nail Bar® Salon, and agrees to our then-current standards for lease agreements for PAINT Nail Bar® Salons including allowing the signage standards,

designated spots for delivery vehicles, minimum number of parking spaces devoted to the Salon; and

(i) a provision that allows us to obtain entry onto the premises of the Site to ensure that all de-identification standards in this Agreement are fulfilled in case you do not or are unable to do so, at our expense, including removal of signage and fixtures.

3.5 **No Warranty**: You acknowledge that our acceptance of the lease for the Site does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a PAINT Nail Bar® Salon operated at the Site. Such acceptance indicates only that we believe that the Site and the terms of the lease fall within the acceptable criteria we have established as of the time of our acceptance. You further acknowledge that we have advised you to have an attorney review and evaluate the lease.

3.6 **Ownership and Financing**. Instead of leasing a Site, you may propose to purchase and own any or all of a Site directly, or through affiliates. The insurance required by our System Standards must be in force and effect when you begin construction of your Salon. You must meet certain conditions: if you or your affiliates own a Site, if at any time prior to acquisition, or subsequently, you or your affiliates propose to obtain any financing with respect to the Site or for your PAINT Nail Bar® Salon or for any Operating Assets in which any of such items are pledged as collateral securing your performance, the form of any purchase contract with the seller of a Site and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be accepted by us before you sign them. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your affiliates or the purchaser;

(b) a provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within 30 days after the expiration of a period in which you may cure such default or deficiency; and

(c) a provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Agreement and any default under this Agreement, if not cured.

3.7 **Relocation**. You may not relocate the Salon without our prior written consent. We may require you (or your owners) and/or your management personnel to complete refresher programs as a condition of our consent to the relocation of the Salon. We reserve the right to charge our then-current fee for such refresher training programs.

3.8 **Pre-Opening Termination.** If you and we are unable to agree on a location for the Site, or if you have not obtained a fully signed lease agreement for the Site, within 365 days of the Effective Date, then we may terminate this Agreement.

4. SALON DEVELOPMENT, DECOR AND OPERATING ASSETS.

4.1 **Salon Development** You are responsible for developing the Salon at your expense. You agree, at your own expense, to do the following with respect to developing the Salon at the Site:

(i) secure all financing required to develop and operate the Salon;

(ii) sign a lease or otherwise obtain the right to occupy the Site within 90 days of the Effective Date;

(iii) obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct and operate the Salon;

(iv) construct (the "**Construction**") all required improvements to the Site and decorate the Salon in compliance with plans and specifications we have approved;

(v) give us notice of commencement of the Construction within 5 days of the date it begins, with progress reports at least once per week; thereafter. You agree to submit additional information related to the construction and development of your Salon, including, without limitation, budget variances and cost information, as we reasonably request from time to time;

(vi) complete the Construction and open the Salon within 180 days of our acceptance of the Site;

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

(viii) purchase or lease and install all Operating Assets required for the Salon; and

(ix) purchase an opening inventory of authorized and approved products, retail merchandise, materials and supplies.

4.2 **Establishment Package and Initial Inventory** . Prior to opening your Salon, you agree to purchase all of the Furniture (reception bar, waiting area couch and tables, manicure tables and chairs, pedicure chairs, technician stools), cabinetry, ceiling (cloud systems), wall and floor design elements, basins, faucets, foot rests and cushions, shelving (dispensary), countertops, barn doors and hardware, fixtures, décor (mural and door logos and decals), rugs, prints and frames, clocks, apron holders, blankets, candy holders, jars, candles, jewelry dishes and displays, floral elements; bathroom elements including wallpaper, storage elements, pillows and seat cushions, towel holders, baskets, mirrors; Buddha statuette, all other display elements (branding); supply carts, dispensers, trays, lighting, computer hardware and software, credit and phone systems, appliances, sterilization equipment, towel equipment, waxing equipment, equipment glassware, signage, safe and lockbox, as well as other materials we may require from time to time (the "**Establishment Package**"), specific vendor polishes (colors and formulas), base and top coats, removers, drops, lotions, scrubs, back bar set-ups, differentiated gel products and associated elements, nail art products and application tools, paraffin waxing products (vendor specific) and application/management tools, manicure and pedicure files, buffers, sterilization apparatus, cotton products, acrylics and bonding agents, all storage and supply bags, manicure and pedicure implements with differentiated specificity, gloves, flip-flop sandals, all grocery store products for staff and clientele, differentiated liquid and non-liquid cleaning products, and all retail product lines for retail sales, including jewelry, balms, body lotions and creams (the "**Initial Inventory**") and other products and services that we specify for the Salon's development only from suppliers that we designate or approve, which might include

or be limited to us, our affiliates or our designated vendors. You may not install or use any unauthorized fixtures, equipment, signs or furnishing ("**Operating Assets**") at the Salon. Your Establishment Package and Initial Inventory are set forth on Exhibit "A."

4.3 **Private Label Products**. In addition to other requirements to carry products or resell products or services from us or our affiliates, you must purchase, utilize and sell all private label branded nail care products (our "**Private Label Products**") that we designate from time to time. We will arrange for our affiliate to supply our Private Label Products to you. You must purchase all of your requirements of those products, maintain a level of inventory of them in accordance with our requirements and feature, display, use and resell them in the manner and method we direct. You must resell them only to retail customers and you must not sell or supply them on a wholesale basis or for resale to anyone. You must timely pay us or our affiliates for your purchases of Private Label Products at then-current prices which may change from time to time. You must maintain the amount of Private Label products at your Salon as specified in our Manuals from time to time.

4.4 **Décor**. You agree that all décor of your PAINT Nail Bar® Salon must be previously approved by us and must comply with our standards as described in the Manuals or other communications, which may be periodically revised. Your failure to maintain the Salon's décor in compliance with our System and the standards described in the Manuals or otherwise constitutes a material breach of this Agreement.

4.5 **Salon Opening**. You agree not to open the Salon for business until:

(a) we approve the Salon in writing as developed in accordance with our specifications and standards;

(b) pre-opening training has been completed to our satisfaction and we have scheduled one or more persons to supervise the opening of your Salon;

(c) the initial franchise fee and all other amounts then due to us have been paid;

(d) we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept; and

(e) we have received signed counterparts of all required documents pertaining to your acquisition of the Site.

For the avoidance of doubt, the conditions for opening outlined above will not extend the deadline for opening the Salon beyond the earlier of: (i) 180 days after our acceptance of the Site; and (ii) any deadline imposed by any other agreement you have with us. You acknowledge that time is of the essence for purposes of opening the Salon and that your failure to open the Salon and commence operations in accordance with the terms of this Agreement constitutes a material default under this Agreement.

If you fail to secure any items or complete any tasks needed to open your Salon for business in a timely manner, we may make arrangements to secure such items and complete such tasks on your behalf. If we do, you must reimburse us for our associated costs within 10 days after we bill you for such costs.

5. **FEES**.

In addition to the fees described elsewhere in this Agreement, you agree to pay the following amounts to us:

5.1 **Initial Franchise Fee**. You agree to pay us a nonrecurring and nonrefundable initial franchise fee in the amount of $52,500. The initial franchise fee must be paid on the Effective Date. The initial franchise fee is nonrefundable and is fully earned by us when paid.

5.2 **Royalty** . You agree to pay us a royalty ("**Royalty**") fee of the greater of $1,500 or 6% of your Salon's Gross Revenues during the previous month. Payment is due on the 10th day of each month or such other date as we may require.

5.3 **Definition of "Gross Revenues."** As used in this Agreement, the term "**Gross Revenues**" means the total gross revenue from the provision of all products and services sold or performed by or for you or your affiliates relating to the Salon, whether in, at, from or away from the Salon, or through or by means of the Salon's Business, whether from cash, check, credit card, debit card, barter or exchange, or other credit transactions, and irrespective of the collection thereof, and including, without limitation, the following: (a) revenue you derive from providing services and merchandise and product sales and other Salon operations that you perform, (b) revenue that any of your affiliates derives from its providing any Salon-related products or services, and (c) payments (for example, rent and license fees) that contractors or other third parties make to you or your affiliates relating directly or indirectly to the Salon or its operations. Notwithstanding the foregoing, the following amounts are deducted from Gross Revenue: (i) sales taxes, use taxes, and other similar taxes added to the sales price and collected from the customer and paid to the appropriate taxing authority, and (ii) any bona fide refunds and credits that are actually provided to customers. For the avoidance of doubt, Gross Revenue does not include rent, license fees and other fees that you or your affiliate receives in return for subleasing part of the property on which the Salon is located (but not any part of the Salon itself) to an unrelated Business.

5.4 **Technology Fee**. We will develop a franchisee intranet as part of our website that will provide additional communications to assist you by providing training, marketing and benchmarking metrics to better manage your Salon. You must pay us our then-current ongoing monthly fee (the "**Technology Fee**") for the use of the intranet. The Technology Fee is currently $650 per month but we may increase it upon 30 days' notice to you. Payment is due in advance on the 10th day of each month or such other date as we may require.

5.5 **Social Media Fee**. Upon signing this Agreement, you agree to engage the social media consultant that we designate from time to time and pay the fee charged by that consultant (the "**Social Media Fee**"). We currently require you to pay this consultant directly, but we reserve the right to require that the Social Media Fee be paid to us. You must use the consultant we designate for this purpose and we may change it from time to time.

5.6 **Non-Compliance Fee**. You agree to pay us our then-current fee (the "**Non-Compliance Fee"**) for your failure to comply with our standards and specifications. The Non-Compliance Fee is currently $500 per occurrence, but we may increase it upon 30 days' notice. Payment is due immediately upon our written notification to you specifying the nature of the non-compliance.

5.7 **Architect Design and Management Fee**. You must use our approved architect and pay their then-current fee (the "**Architect Design and Management Fee**"). The Architect Design and Management Fee is due upon signing the lease for the Site.

Project Management Fee. You much use our approved contractor to manage the build-out of your Salon and pay their then-current fee (the "**Project Management Fee**"). The Project Management Fee is due upon signing the lease for the Site.

5.8 **Interest on Delinquent Payments**. In addition to all other remedies we have, including, without limitation, the right to terminate this Agreement, if you fail to pay (or fail to make available for withdrawal from your account) any amounts you owe us or our affiliates, including, without limitation, amounts for Royalties and/or Marketing Contributions, whether such amounts are reflected as due on any report you submit to us or are subsequently determined by verification, examination or audit to have been due, those amounts will bear interest at the rate of 18% per annum from the due date, calculated from the date such payment was due until it is received by us, but not to exceed the highest commercial contract rate of interest permitted by law. In addition, you must pay us a $100 administrative fee for each payment which you do not make to us when due (or for each dishonored payment) to cover the increased costs and expenses we will incur as a result of your failure to pay the amounts when due.

5.9 **Electronic Funds Transfer**. We may require you to pay the Royalty and any or all other fees owed to us by electronic funds transfer on the Payment Day or such other day we designate for other fees. You must comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. Before the Salon opens, you must sign and deliver to us the documents we require to authorize us to debit your Account (defined below) automatically for the Royalty, Marketing Contributions and other fees owed us under this Agreement, and for certain specified or prescribed purchases you make from us and/or our affiliates. We will debit the Account for these amounts on their due dates, and you agree to ensure that funds are available in the Account to cover our withdrawals. On the Report Day, you must report to us by telephone or electronic means or on written form, as we direct, the Salon's true and correct Gross Revenues and Gross Revenues for the immediately preceding Report Period. We may require you to give us authorization, in a form that we designate, to initiate debit entries or credit correction entries to the Salon's bank operating account (the "**Account**") for payments of Royalty and other amounts due under this Agreement, including any applicable interest charges. If so, you must make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day. The amount actually transferred from the Account to pay Royalty will be based on the Salon's Gross Revenues reported to us on the Report Day. If you have not reported the Salon's Gross Revenues to us for any reporting period, we may transfer from the Account an amount calculated in accordance with our reasonable estimate of the Salon's Gross Revenues during any such reporting period. If we determine at any time that you have under-reported Gross Revenues or underpaid Royalty or other amounts due to us, we will be authorized to immediately initiate a transfer from the Account in the appropriate amount in accordance with the foregoing procedures, including applicable interest and late charges. Any overpayment will be credited to the Account through a credit, effective as of the first Report Day after you and we determine that such credit is due. We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (e.g., by check) whenever we deem appropriate, and you agree to comply with our payment instructions.

5.10 **Application of Payments**. Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us.

5.11 **Payment Offsets**. We may setoff from any amounts that we may owe you any amount that you owe to us, or our affiliates, for any reason whatsoever, including without limitation, Royalty, Marketing Contributions, late payment penalties and late payment interest, amounts owed to us or our affiliates for purchases or services or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe to us or our affiliates from time to time. In particular, we may retain (or direct to our affiliates) any amounts that we have received for your account as a credit

and payment against any amounts that you may owe to us, or our affiliates, at any time. We may do so without notice to you at any time. However, you do not have the right to offset payments owed to us for amounts purportedly due to you from us.

5.12 **Discontinuance of Service**. If you do not timely pay amounts due us under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

6. TRAINING AND ASSISTANCE.

6.1 Initial Training.

(a) Within 30 days after the Lease Signing Date, we will furnish, and you or the individual responsible for making decisions concerning the Salon's development must attend, a planning session relating to the development of your Salon. The planning session will last about 1 day and will be at our principal offices. We do not charge for this planning session, but you will be responsible for the compensation, travel and living expenses of you and your employees.

(b) We will furnish without additional charge at our designated training Salon a management training program on the operation of a PAINT Nail Bar® Salon for up to 2 people from your Salon. Before the Actual Opening Date, either you (or your managing owner) or the Salon's proposed general manager must complete our training program to our satisfaction. Any person who works as a front desk staff member or manager at the Salon for 10 hours or more average each week, and/or has the responsibility for opening or closing the Salon, must complete, to our satisfaction, our training program at our designated site within 3 months of their date of hire. Other people from your Salon may attend our training program after the Salon opens for business. You will be responsible for the compensation, travel and living expenses of you and your employees during training. If you request training for more than 2 people, you must pay us our then current fee, in advance, for each additional person.

6.2 **Manager Training**. You must replace any manager who does not satisfactorily complete a management training program, and all new general managers must satisfactorily complete a management training program before they begin their employment duties. These management training programs may be conducted by us at our designated training Salon or by you at your Salon with our prior approval, or they may be self-study programs that we approve or provide in advance. You must pay our then current fee for any additional training or self-study programs that we provide. In addition, at least once every 5 years during the Term (and any renewal), you must send the Salon's general manager to complete our then current management training program. We will not charge tuition for that program, but you must pay your general manager's wages, travel and living expenses.

6.3 **Supplemental Training**. During the Term, we periodically may require you (or, if you are a legal entity, one of your Owners) and/or the Salon's general manager to attend and complete to our satisfaction any supplemental or refresher training programs on operating PAINT Nail Bar® Salons that we choose to provide. We may charge reasonable fees for these programs, and you will be responsible for your and your employees' wages and travel and living expenses.

6.4 **Delegation**. We have the right, from time to time, to delegate the performance of any portion or all of our obligations under this Agreement to designees, whether they are our affiliates, agents or independent contractors with which we contract to provide such services.

6.5 **General Guidance**. We will advise you from time to time regarding the operation of the Salon based on reports you submit to us or inspections we make. In addition, we will furnish guidance to you with respect to:

(a) standards, specifications and operating procedures and methods utilized by PAINT Nail Bar® Salons;

(b) purchasing required and authorized Operating Assets, products and supplies, and arranging for their distribution to you;

(c) use of suppliers, approved products, volume buying;

(d) advertising and marketing materials and programs;

(e) employee training; and

(f) administrative, bookkeeping and accounting procedures.

Such guidance may include, without limitation, financial and cost information that we periodically prepare or compile and share with franchisees. Any such information is provided without warranty as to its completeness or accuracy, as there may be occasional errors or variations among unit measurements or market conditions that can affect the numbers, calculations or projections contained therein. You are solely responsible for verifying the accuracy of all such information.

Our guidance will, at our discretion, be furnished in our Manuals; in bulletins or other written materials; by electronic media; and/or during telephone consultations and/or consultations at our office or the Salon.

At your request, we will furnish additional guidance and assistance and, in such a case, may charge the per diem fees and charges we establish from time to time. If you request or we require additional or special training for your employees, all of the expenses that we incur in connection with such training, including per diem charges, compensation and travel and living expenses for our personnel, will be your responsibility.

7. MARKS.

7.1 **Ownership and Goodwill of Marks**. Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Salon at the Site pursuant to and in compliance with this Agreement and all System Standards we prescribe from time to time during its term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Salon in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

7.2 **Limitations on Your Use of Marks**. You agree to use the Marks as the sole identification of the Salon, except that you agree to identify yourself as the independent owner in the manner we prescribe. You may not use modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No

Mark may be used in any advertising concerning the transfer, sale or other disposition of the Salon or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the Salon, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

7.3 **Notification of Infringements and Claims**. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

7.4 **Discontinuance of Use of Marks**. If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will not reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

7.5 **Indemnification**. We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any of our Marks, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of any of the Marks infringes their trademark rights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement. We will not indemnify you against the consequences of your use of the Marks except in accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within 10 days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

8. CONFIDENTIAL INFORMATION.

8.1 **Types of Confidential Information**. We possess (and will continue to develop and acquire) certain confidential information (the "**Confidential Information**") relating to the development and operation of PAINT Nail Bar® Salons, which includes (without limitation):

(a) the System and the know-how related to its use;

(b) plans, specifications, size and physical characteristics of PAINT Nail Bar® Salons;

(c) site selection criteria, land use and zoning techniques and criteria;

(d) methods in obtaining licensing and meeting regulatory requirements;

(e) sources and design of equipment, furniture, forms, materials and supplies;

(f) marketing, advertising and promotional programs for PAINT Nail Bar® Salons;

(g) staffing and delivery methods and techniques for personal services;

(h) the selection, testing and training of personnel for PAINT Nail Bar® Salons;

(i) the recruitment, qualification and investigation methods to secure employment for employment candidates;

(j) any computer software we make available or recommend for PAINT Nail Bar® Salons;

(k) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of PAINT Nail Bar® Salons;

(l) knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; and

(m) knowledge of operating results and financial performance of PAINT Nail Bar® Salons other than those operated by you (or your affiliates).

8.2 **Disclosure and Limitations on Use**. We will disclose much of the Confidential Information to you and personnel of the Salon by furnishing the Manuals to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your Salon, you or your personnel may develop ideas, concepts, methods or improvements ("**Improvements**"), relating to your Salon, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of PAINT Nail Bar® Salons. By this paragraph, you assign ownership of any Improvements, and all related rights to those Improvements to us and agree to take whatever action (including signing assignment, foreign or domestic registrations, applications or notifications, or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in such Improvements. Improvements will then also constitute Confidential Information.

8.3 **Confidentiality Obligations**. You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Salon, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and

(d) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of nondisclosure and noncompetition agreements we may prescribe for employees or others who have access to the Confidential Information.

8.4 **Exceptions to Confidentiality**. The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

(a) disclosure or use of information, processes, or techniques which are generally known and used in the Salon business (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and

(b) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

9. **EXCLUSIVE RELATIONSHIP** You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among PAINT Nail Bar® Salons if franchised owners of PAINT Nail Bar® Salons were permitted to hold interests in or perform services for a Competitive Salon (defined below). You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will:

(a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Salon operating within a 2-mile radius of the Site;

(b) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Salon, wherever located;

(c) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Salon operating within 2-mile radius of any PAINT Nail Bar® Salon other than the Salon;

(d) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Salon, wherever located.

The term "**Competitive Salon**" as used in this Agreement means any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any salon, shop, store, studio or any other similar facility that offers or provides products and/or services that are the same or similar to a PAINT Nail Bar® Salon (other than a PAINT Nail Bar® Salon operated under a franchise agreement with us).

10. **OPERATION AND SYSTEM STANDARDS**.

10.1 **Operations Manual** . We will grant you access, during the term of this Agreement, to our manuals (the "**Manuals**"), consisting of such materials (including, as applicable, audiotapes, videotapes, electronic media, computer software and written materials) that we generally furnish to franchisees from

time to time for use in operating a PAINT Nail Bar® Salon. We may do so with print versions or electronically only. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards**") that we prescribe from time to time for the operation of a PAINT Nail Bar® Salon and information relating to your other obligations under this Agreement and related agreements. You agree to follow the standards, specifications and operating procedures we establish periodically for the PAINT Nail Bar® System that are described in the Manuals. You also must comply with all updates and amendments to the PAINT Nail Bar® System as described in newsletters or notices we distribute, including via computer systems or other technology systems. You must maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. The Manuals may be modified, updated and revised from time to time to reflect changes in System Standards.

At our option, we may post some or all of the Manuals and/or other documentation and communication of standards, policies and procedures, on a restricted Website or extranet to which you will have access. "**Website**" means an interactive electronic document contained in a network of computers linked by communications software, including the internet and world wide web home pages. If we do so, you agree to monitor and access the Website or extranet for any updates to the Manuals or System Standards. We, or our designee, will periodically notify you electronically about updates, changes, or deletions to the content posted on the restricted Website or extranet. We, or they, will not issue, nor will you receive, any updates, changes, or deletions to this content in hard copy form. Any passwords or other digital identifications necessary to access the Manuals on a Website or extranet will be deemed to be part of Confidential Information.

You agree to keep your copy of the Manuals full, complete and current and in a secure location at the Salon. In the event of a dispute relating to its contents, the master copy of the Manuals we maintain at our principal office will be controlling. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals.

10.2 **Compliance with System Standards**. You acknowledge and agree that your operation and maintenance of the Salon in accordance with System Standards are essential to preserve the goodwill of the Marks and all PAINT Nail Bar® Salons. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the Salon in accordance with all of our System Standards, however communicated to you and as we periodically modify and supplement them, even if you believe that a System Standard, as originally issued or subsequently modified, is not in the System's or the Salon's best interest. Although we retain the right to establish and periodically modify System Standards that you have agreed to maintain, you retain the right to, and responsibility for, the day-to-day management and operation of the Salon and implementing and maintaining System Standards at the Salon. As examples, System Standards may regulate any one or more of the following with respect to the Salon:

(a) design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;

(b) types, models and brands of required fixtures, furnishings, equipment, signs, software, POS systems, materials and supplies;

(c) required or authorized products, services and product and service categories and other merchandise, goods and services for sale at the Salon;

(d) designated or approved suppliers (which may be limited to or include us) of fixtures, furnishings, equipment, signs, software, products, ingredients, materials and supplies;

(e) sales, marketing, advertising, customer service and promotional programs and materials and media used in such programs; and internet and social media programs and content;

(f) use and display of the Marks at the Salon and on any paper and plastic products or supplies;

(g) staffing levels for the Salon and matters relating to managing the Salon; communication to us of the identities of the Salon's personnel; and qualifications, training, dress and appearance of employees (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, worker eligibility, rates of pay and other benefits, work assigned, and working conditions);

(h) days and hours of operation of the Salon;

(i) participation in market research and testing and product and service development programs, "Mystery Shop" programs (including payment terms to third-party providers or reimbursement to us), as well as participation in, and dues assessed for, advisory councils;

(j) acceptance of credit and debit cards and other payment systems; and honoring and issuing gift certificates, coupons and gift cards, rewards and loyalty programs all as we specify from time to time;

(k) bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

(l) purchase, storage, preparation, handling and packaging procedures and techniques for Salon materials, products and supplies; and inventory requirements for Salon materials, products and supplies;

(m) terms and conditions of the sale and delivery of, and terms and methods of payment for, products and services that you obtain from us and affiliated and unaffiliated suppliers, including your obligation to purchase and use, to the maximum extent possible; and our and our affiliates' right not to sell you any products or services or to do so only on a cash-on-delivery or other basis if you are in violation of or in default under any agreement with us; and

(n) regulation of such other aspects of the operation and maintenance of the Salon that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and PAINT Nail Bar® Salons.

You agree that System Standards prescribed from time to time in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth. All references to this Agreement include all System Standards as periodically modified.

10.3 **Modification of System Standards**. We may periodically modify System Standards, which may accommodate regional or local variations as we determine, and any such modifications may obligate you to invest additional capital in the Salon ("**Capital Modifications**") and/or incur higher operating costs; provided, however, that such modifications will not alter your fundamental status and rights under this Agreement. Capital Modifications are in addition to the costs you will incur to repair, replace or refurbish your equipment and fixtures from time to time. You agree to implement any changes in System

Standards and to adopt any capital modifications within the time period we request, whether they involve refurbishing or remodeling the Premises, or any other aspect of the Salon, buying new Operating Assets, adding new products and services, or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date

10.4 **Pricing**. We reserve the right, at any time and from time to time, to establish maximum, minimum, or other pricing requirements on prices that you may charge for products or services to the fullest extent allowed by applicable law, which may include regional, special venue or demographic variations.

10.5 **Interior and Exterior Upkeep**. You must at all times maintain the Salon's interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of the Salon established in the Manuals and by federal, state and local laws.

10.6 **Hours of Operation**. You must operate the Salon during the hours and on the days prescribed by us in the Manuals or otherwise approved in advance in writing by us.

10.7 **Accounting, Computers and Records**. You must obtain your accounting services and any required hardware or software related to them. You must at all times maintain the records reasonably specified in the Manuals, including, without limitation, customer, sales, inventory and expense information. You must promptly share with us in the manner that we designate all customer information that you acquire in the course of operating your Salon, and you agree that we shall own such customer information. You may not share customer information with vendors, distributors, suppliers, manufacturers or anyone else except your employees, accountants, attorneys or other confidential advisors who have a need to know without our prior written consent. You acknowledge that all such customer information and data belong to us and is made available for your use solely due to your status as a franchisee of ours. You must report Gross Revenues and other business information to us using the format, reporting system and accounting system that we require from time to time. You must provide your own internet service provider, but it must meet our specifications for speed, bandwidth and similar capabilities. You must use in developing and operating the Salon the computer equipment, operating and accounting software, and technology systems (collectively, the "**Computer System**") that we periodically specify. We will have access to the Computer System. We may require you to obtain specified computer hardware or software and may modify specifications for and components of the Computer System from time to time. Our modifications and specifications for components of the Computer System may require you to incur costs to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer System during the term of this Agreement. You agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications), as long as the Computer System we specify for use is the same Computer System that we or our affiliates then currently use in PAINT Nail Bar® Salons that we or they own and operate. Within 30 days after you receive notice from us, you must obtain the components of the Computer System that we designate and require. The Computer System must be capable of connecting with our Computer System so that we can daily review the results of your Salon's operations. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System.

10.8 **Trade Accounts and Taxes** . You must maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You must timely pay all taxes incurred in connection with your Salon's operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary

obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you must reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set off the amount of any such reimbursement obligations against all amounts which we may owe you.

10.9 **Proprietary Materials**. You must purchase from us or approved manufacturers or suppliers certain articles used in operating the Salon and bearing any of the Marks. These items may include employee clothing (such as shirts, hats and other merchandise with our Marks), signage, hardware and software (collectively, the "**Proprietary Materials**"), at then prevailing prices, plus freight, taxes and delivery costs. To the extent applicable, you grant to us and our affiliates a purchase money security interest in all products that you purchase from us or our affiliates, and you consent to any notices given to other creditors designed to perfect such security interest and grant to us or our affiliates first priority. This Agreement constitutes a security agreement, and upon our request, you will sign and deliver to us any additional documents required to perfect such security interest including, without limitation, a standard Uniform Commercial Code ("**UCC**") financing statement. You authorize us to file a copy of this Agreement, a UCC financing statement and any other documents that may be necessary to perfect the security interest granted by you in this Agreement.

10.10 **Operating Assets and Salon Materials**. You must acquire all supplies, materials and products for use in connection with your PAINT Nail Bar® Salon (collectively, the "**Salon Materials**") and all fixtures, furnishings, equipment (including signs, POS systems, electronic equipment and computer hardware and software) (the "**Operating Assets**") from us (or our affiliates), suppliers we have previously approved, or according to our standards and specifications. We will only approve suppliers whose Salon Materials and Operating Assets meet the quality standards that we establish from time to time. You will only place or display at the Site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve.

10.11 **Sourcing Restrictions**. We have developed or may develop standards and specifications for types, models and brands of required Operating Assets and Salon Materials. We reserve the right at any time and from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements, and work to designate mandatory suppliers and distributors of them (all of which may include us or our affiliates). If we do so, you agree to purchase only such products meeting those specifications, and, if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates. We may designate a single distributor or supplier (collectively, "**Designated Supplier**") for any product, service, equipment, supply or material and may approve a supplier or distributor only as to certain products. The Designated Supplier may be us, one of our affiliates, or a designated third party. Unless we specify otherwise, you agree to purchase from us, our affiliate, or our Designated Suppliers, all Operating Assets and Salon Materials. You must sell products directly to customers and you may not, without our prior written consent, ask or permit third party vendors, suppliers or distributors to deliver products to customers on your behalf. We and our affiliates may receive payments from Designated Suppliers on account of such suppliers' dealings with you and other franchise owners, and may use any amounts so received without restriction and for any purpose we and our affiliates deem appropriate. We or our affiliates may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services. Our approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, management efficiencies, labor relations, customer relations, regional capability, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria, and may be temporary pending our continued evaluation of the supplier or distributor from time to time. You consent to vendors providing us with information on your payment and account status, as well as access to copies of orders, shipments, deliveries and payment information.

10.12 **Approved Products**. You must not sell any products or other items at the Salon that we have not previously approved for sale. We will be the sole supplier of certain proprietary products. We may negotiate group or volume purchasing arrangements with approved suppliers. We will be entitled to all rebates, bonuses and promotional benefits associated with those programs. You must not, without our prior written consent, sell, dispense, give away or otherwise provide products or items except by means of retail sales at the Salon, or a program of charitable giving. You must immediately implement changes to the products, service or other items requested by us. You must maintain an inventory of products in accordance with System Standards and sufficient to meet the daily demands of the Salon.

10.13 **Changes to Approved Suppliers**. If you want to propose a new supplier of Salon Materials or Operating Assets for any supplier that is not affiliated with us, you must submit to us sufficient written information as we determine appropriate about the proposed new supplier to enable us to approve or reject either the supplier or the particular items. We will have a reasonable amount of time from receipt of all of the information we require to approve or reject the proposed new supplier or items. We may consider in providing such approval not just the quality standards of the products or services, but their delivery capabilities, financing terms and ability to service our franchise system as a whole. We may terminate or withhold approval of any Salon Materials or Operating Assets, or any supplier of such items, that do not meet our quality standards by giving you written notice. If we do so, you must immediately stop purchasing from such supplier or using such Salon Materials or Operating Assets in your PAINT Nail Bar® Salon until we notify you that such supplier or such Salon Materials or Operating Assets meet our quality standards. At our request, you must submit to us sufficient information about a proposed supplier and samples of the proposed Salon Materials or Operating Assets for our examination so that we can determine whether they meet our quality standards. We also must have the right to require our representatives to be permitted to inspect the proposed supplier's facilities at your expense. We may charge a fee for evaluating alternative suppliers of not more than $5,000.

10.14 **Personnel** . You must: (a) hire, train and supervise Salon personnel in accordance with the specifications set forth in the Manuals; and (b) cause your personnel to meet every requirement imposed by applicable federal, state and local law and any we require as a condition to their employment, other than the terms of employment of personnel for your Salon such as compensation, benefits, etc. All persons you employ that have access to any of the Confidential Information must sign a Confidentiality and Noncompetition Agreement in a form satisfactory to us. You are liable to us for any unauthorized disclosure of such information by any of your Owners, directors, employees, representatives or agents.

10.15 **Compliance with Laws and Good Business Practices**. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Salon and must operate the Salon in full compliance with all applicable laws, ordinances and regulations, including government regulations relating to occupational hazards, health, environment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. The Salon must in all dealings with its customers, vendors, suppliers, us and the public adhere to the highest standards of honesty, professionalism, integrity, timeliness, respect, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks, the System, and other PAINT Nail Bar® Salons. You must notify us in writing within 5 days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the Salon and of any notice of violation of any law, ordinance, or regulation relating to the Salon.

10.16 **Insurance**. During the Term, you must maintain in force at your sole expense comprehensive public liability, general liability, product liability and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the Salon's operation. All such insurance must contain the minimum liability coverage (on an occurrence and aggregate basis) we prescribe from time to time. Such insurance coverage may specifically include auto insurance on any vehicles that you may acquire for promotional events, residential, institutional or commercial deliveries, or other business activities in connection with the Salon. You must also maintain in force insurance covering: employee dishonesty; money and securities; and business interruption. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurers must meet with our approval including meeting our required minimum ratings from the rating agency we designate. These insurance policies must name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. You routinely must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the Salon on your behalf, in which event you will cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

10.17 **Access to Salon**. You agree that we may periodically bring prospective PAINT Nail Bar® franchisees into the Salon at reasonable times during normal business hours, to allow such prospects to view the Salon and its operations. In doing so, we agree to take all reasonable steps to minimize any potential disruption to your normal business operations.

11. ADVERTISING AND PROMOTION.

11.1 **Establishment of Marketing Fund**. We reserve the right to establish a marketing fund (the "**Marketing Fund**") for such advertising, marketing and public relations programs and materials on a system-wide basis that we deem necessary or appropriate at our sole discretion. You agree to contribute to the Marketing Fund such amounts that we prescribe from time to time (the "**Marketing Contributions**"), in an amount equal to 1% of your Gross Revenues payable in the same manner as the Royalty. We reserve the right to increase the Marketing Contribution to 2% of your Gross Revenues, as well as defer or reduce contributions of a PAINT Nail Bar® Salon franchisee and, upon 30 days' prior written notice to you. We reserve the right to reduce or suspend contributions to and operations of the Marketing Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Marketing Fund. If the Marketing Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Marketing Fund during the preceding 12 months. Our affiliates will contribute to the Marketing Fund on the same basis as franchise owners for any PAINT Nail Bar® Salons they own and operate.

11.2 **Use of the Funds**. We direct all programs financed by the Marketing Fund, with sole control over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the Marketing Fund may be used to pay the costs of preparing and producing video, audio and written and digital advertising materials; developing, enhancing and maintaining an electronic commerce website including for online ordering; administering system-wide, regional and multi-regional advertising programs, including, without limitation, purchasing direct mail, internet, social media and other media advertising and employing advertising, promotion and marketing

agencies, and vendors providing marketing services; reputation management; development, implementation and maintenance of online asset management tools; marketing and advertising training programs and materials; and supporting public relations, market research and other advertising, promotion and marketing activities. We maintain ownership of all market research, designs, copyrights, and other data, materials and property financed through the Marketing Fund. The Marketing Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies and individual requests of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Contributions at the Marketing Fund's expense. We also may forgive, waive, settle and compromise all claims by or against the Marketing Fund. While we do not anticipate that any part of the Marketing Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Marketing Fund for public relations or recognition of our brand, for the creation and maintenance of the Website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available."

11.3 **Accounting for the Fund**. The Marketing Fund will not be our asset. Although the Marketing Fund is not a trust, we will hold all Marketing Contributions for the benefit of the contributors and use Marketing Contributions only for the purposes described in this section of this Agreement. We do not owe any fiduciary obligation to you for administering the Marketing Fund or for any other reason. The Marketing Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead, including rent and utilities, as we may incur in activities related to the administration of the Marketing Fund and its programs, including, without limitation, conducting market research, preparing or reviewing advertising, promotion and marketing materials and collecting and accounting for contributions to the Marketing Fund. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising costs before other assets of the Marketing Fund are expended. We may spend, on behalf of the Marketing Fund, in any fiscal year an amount greater or less than the aggregate contribution of all PAINT Nail Bar® Salons to the Marketing Fund in that year. Further, any contributions to the Marketing Fund which are not spent by us in the calendar year in which they were contributed will be carried over for use by the Marketing Fund in subsequent year(s).The Marketing Fund may borrow from us or others to cover deficits or invest any surplus for future use. If we lend money to the Marketing Fund, we may charge interest at an annual rate 1% greater than the rates we pay our lenders. We will prepare an annual unaudited statement of monies collected and costs incurred by the Marketing Fund and furnish the statement to you upon written request. We have the right to cause the Marketing Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

11.4 **Marketing Fund Limitations** . You acknowledge that the Marketing Fund is intended to maximize recognition of the Marks and patronage of PAINT Nail Bar® Salons. Although we will endeavor to utilize the Marketing Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all PAINT Nail Bar® Salons, we undertake no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing Fund by PAINT Nail Bar® Salons operating in that geographic area or that any PAINT Nail Bar® Salon will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Marketing Fund.

11.5 **Deposits** . We have the right to collect for deposit into the Marketing Fund any advertising, marketing or similar allowances paid to us by suppliers who deal with PAINT Nail Bar® Salons and with whom we have agreed that we will so deposit these allowances. These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes and which we and our affiliates, therefore, may use for any purposes we and they deem appropriate.

11.6 **Your Advertising and Promotion**. You agree that any advertising, promotion and marketing you conduct will conform to our brand standards and be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. You must obtain and send us copies of all copyright authorizations and permissions that may be necessary from the appropriate parties. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved, or previously approved material which you have made changes to, must be submitted to us for approval before you use them. If you do not receive written approval within 20 days after our receipt of such materials, we will be deemed to have approval, unless we have notified you prior to expiration of the review period that our review will take longer than 20 days, whether due to the nature of the proposed materials or other reasons. Our notice to you will specify the number of additional days for our review. You must not use any advertising or promotional materials that we have disapproved, whether or not you have already printed or developed them. We reserve the right to prohibit or restrict your participation in any coupons or online discount offers or promotions, as determined by us in our sole discretion. Just like any other advertising or promotional activity, any participation in advertising over the internet, websites, telecommunications and/or social media is subject to our review and approval as to form, content and media chosen, and must comply with any and all of our policies that we adopt from time to time as set forth in our Manual or otherwise.

11.7 **Opening Marketing Program**. You agree, at your expense, to implement an opening marketing program (the "**Opening Marketing Program"**) for the Salon in accordance with the requirements in the Manuals and other System Standards. At least 90 days before you intend to open, we (or a supplier we designate) and you will prepare a proposed opening marketing program that requires spending at least the minimum amount that we reasonably specify. You agree to make the changes to the program that we specify and to execute the program as approved by us.

11.8 **Local Marketing Spending Requirement**. The "**Local Marketing Spending Requirement"** means the amount you must spend during each 3-month period described below on approved Marketing Materials and other approved advertising, marketing and promotional programs for the Salon. However, we will not count any of the following expenditures towards your Local Marketing Spending Requirement: Marketing Contributions, free service offers, discounts or price reductions that you provide as a promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), Yellow Pages advertising, employee incentive programs, and other expenditures that we, in our reasonable judgment, deem inappropriate for meeting the Local Marketing Spending Requirement. The Local Marketing Spending Requirement during the period beginning on the Actual Opening Date and ending on the last day of the 3rd full calendar month thereafter (the "**Initial Marketing Period"**) ranges from $3,000 to $6,000 in the aggregate, in addition to conducting any remaining activities required under the Opening Marketing Program. After the end of the Initial Marketing Period, the Local Marketing Spending Requirement during each calendar month is 0.5% of the Salon's Gross Revenue during the previous calendar month.

11.9 **Co-op Participation and Contributions**. If an association of PAINT Nail Bar® Salon franchise owners is established in a geographic area in which your Salon is located (the "**Co-op**"), you must join and actively participate in it. You also must contribute to the Co-op such amounts as are determined from time to time by it, not to exceed 1% of your Gross Revenues. Your local advertising requirement may

be reduced by the amount that you contribute to any Co-op, but this does not include any in-Salon sales or promotional material that we may require from time to time for your Salon. We will not set the amount of the Co-op contributions, but we may periodically limit or reduce the maximum contribution amount, which will not exceed 1% of Gross Revenues. The Co-op will adopt its own rules, regulations and procedures approved by the members, which you must follow. Generally, the Co-op is to be administered by its members. Each Co-op will be required to prepare annual financial statements. However, the rules, regulations and procedures of the Co-op and any related agreements, as well as any changes or additions to them, are subject to our approval. All advertising utilized by the Co-op must not be used unless and until we have reviewed and approved it. We also have the right to participate in any meetings of the Co-op and its members. Your failure to timely contribute the amounts required by the Co-op constitutes a material breach of the provisions of this Agreement and we may offset against any amounts we owe to you the amount of your Co-op contributions and pay such contributions for you.

11.10 **Websites**. We have the right to control or designate the manner of your use of all URLs, domain names, website addresses, metatags, links, key words, e-mail addresses and any other means of electronic identification or origin ("**e-names**"). We also have the right to designate, approve, control or limit all aspects of your use of the internet, intranet, world wide web, wireless technology, social media, digital cable, use of e-names, e-mail, home pages, bulletin boards, chatrooms, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware (collectively, "**e-commerce**"). You must follow all of our policies and procedures for the use and regulation of e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce, including social media, that we designate or operate. We may require that you provide information to us via e-commerce. You agree to be bound by any terms of use, privacy policy and copyright notice and takedown policies and the like that we establish from time to time. We may require you to, at your expense, coordinate your e-commerce activities with us, other PAINT Nail Bar® Salons, suppliers and affiliates. We may require you to participate in any internet or intranet networks (we establish and obtain the services of and pay the then current fees for ISP and ASP services and the like. You recognize and agree that we own all rights, title and interest in and to any and all websites and any e-names we commission or utilize, or require or permit you to utilize, in connection with the System which bear our Marks or any derivative of our Marks. You also recognize and agree that we own all rights, title and interest in and to any and all data or other information collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. Such data or other information also constitutes our Confidential Information.

12. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

12.1 **Accounting System**. You must deliver to us the financial and operating reports in the form, manner, content and time we specify from time to time. You will update all information in your accounting system ("**Accounting System**") at least weekly, including, but not limited to, revenues, expenditures and other pertinent data. You must use suppliers that we designate in the Manuals or otherwise in writing from time to time for accounting and payroll services (such services shall not include tax preparation), and such suppliers may include one or more of our affiliates. We may periodically change the Accounting System and the designated suppliers of accounting and payroll services. You will make available for our review and inspection during normal business hours all original books and records that we want to ascertain and verify financial statements or reports. You will maintain all of your books and records in accordance with generally accepted accounting principles. We may require you to use an accrual method

of accounting and satisfy other accounting and record keeping requirements that we specify from time to time in the Manuals. You will maintain and preserve such records during the entire term of this Agreement and for five years following expiration or termination of this Agreement. Such records include deposit reports and receipts, cash receipts journal, general ledgers, cash disbursement journals, weekly payroll registers, monthly bank statements, supplier invoices (paid and unpaid), accounts payable journals, balance sheets, profit and loss statements, inventory records, records of wholesale accounts and such other records as we may require. We may use the information obtained as we deem appropriate, except that information you designate as confidential will not be disclosed to third parties in a manner that identifies you as the subject or source except: (i) with your permission, (ii) as may be required by law, (iii) in connection with audits or collections under this Agreement; or (iv) shared within the PAINT Nail Bar® Salon system (you understand that we disseminate operational and financial data throughout the system and to prospects). We may require you to use approved computer hardware and software in order to maintain the Accounting System and other communication processes.

12.2 **Reports**. You agree to furnish to us on such forms that we prescribe from time to time:

(a) within 30 days after their filing, copies of all sales tax returns for the Salon and, as soon as you have received them, copies of the canceled checks for the required sales taxes;

(b) on the Report Day, a report on the Salon's Gross Revenues during the preceding Report Period;

(c) within 30 days after the end of each fiscal period (monthly and/or quarterly as designated by us in the Manuals or otherwise in writing), a profit and loss statement for the Salon for the immediately preceding fiscal period and year-to-date and a balance sheet as of the end of such fiscal period;

(d) within 60 days after the end of the Salon's fiscal year, annual profit and loss and source and use of funds statements (cash flow) and a balance sheet for the Salon as of the end of such fiscal year; and

(e) within 15 days after our request, exact copies of federal and state income and other tax returns and such other forms, records, books and other information we may periodically require.

12.3 **Access to Information**. You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis. If you repeatedly fail to timely deliver to us complete and accurate reports and statements, we may require you to engage an independent certified public accountant that we have approved to prepare and send them to us until we determine it is no longer necessary. Moreover, we have the right as often as we deem appropriate (including on a daily basis) to access all computer registers and other computer systems that you are required to maintain in connection with the operation of the Salon and to retrieve all information relating to the Salon's operations.

12.4 **Copies of Reports**. You agree to cause your accountant or tax preparer to mail all tax returns he prepares for you directly to the proper taxing authority. Simultaneous with their filing, you agree to cause your tax preparer or accountant to furnish us directly, with a copy of all sales, income and other tax returns relating to your PAINT Nail Bar® Salon. You must also send us copies of any sales or other reports sent to any landlord or governmental agency.

13. **INSPECTIONS AND AUDITS**.

13.1 **Our Right to Inspect the Salon**. To determine whether you and the Salon are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

(a) inspect the Salon;

(b) observe, photograph and videotape the operations of the Salon for such consecutive or intermittent periods as we deem necessary (including remotely);

(c) remove samples of any products, materials or supplies for testing and analysis;

(d) interview personnel and customers of the Salon; and

(e) inspect and copy any books, records and documents relating to your operation of the Salon.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. We may require video camera systems that give us access to monitor adherence to System Standards. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You must immediately correct or repair any unsatisfactory conditions we specify.

13.2 **Our Right to Audit**. We have the right at any time during your business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and the Salon's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Royalty is understated by $100 or more in a fiscal year, advertising requirements are underpaid by $100 or more), you agree to pay us $150 per hour and reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must immediately pay us any shortfall in the amounts you owe us, including late fees and interest. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

13.3 **Our Right to Lender Notification and Communication** . You must send us current information regarding the name, address, and telephone number of any financial institution or other financier that provided or is providing the financing enabling you to purchase or operate the Salon (each, a "**Lender**"), the name and telephone number of your contact at the Lender, and the updated terms of financing. You must also notify us in writing within 10 days following (a) any change in the Lender's information, (b) the financing terms extended to you for the Salon, or (c) any default by you under any agreement between you and the Lender. You further agree that we have the right to communicate with your Lender regarding any changes to the financing terms of the Salon, any default by you under an agreement with the Lender, or any change in your financial condition, provided that we reasonably notify you of any such communications.

14. **TRANSFER**.

14.1 **By Us**. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests.

14.2 **By You**. You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (nor any interest in it) nor any ownership or other interest in you or the Salon may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "**transfer**" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) the Salon.

An assignment, sale, gift or other disposition includes the following events:

(i) transfer of a controlling interest in you or transfer of 10% or more of ownership or beneficial interests in you;

(ii) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;

(iii) any issuance or sale of your stock or any security convertible to your stock;

(iv) transfer of an interest in you, this Agreement or the Salon in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

(v) transfer of an interest in you, this Agreement or the Salon, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

(vi) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Salon or your transfer, surrender or loss of possession, control or management of the Salon.

14.3 **Conditions for Approval of Transfer**. If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for PAINT Nail Bar® Salon franchisees. A transfer of ownership, possession or control of the Salon may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(a) the transferee has sufficient business experience, aptitude and financial resources to operate the Salon;

(b) you have paid all Royalty, Marketing Contributions, amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;

(c) the transferee (or its owners) has agreed to complete our standard training program, at their expense;

(d) the transferee has agreed to be bound by all of the terms and conditions of this Agreement;

(e) the transferee has entered into our then-current form of Franchise Agreement for a term ending on the expiration date of this Agreement and requiring no initial franchise fee;

(f) the transferee agrees to upgrade the Salon to conform to our then-current standards and specifications;

(g) you or the transferee pay us a transfer fee equal to $26,250 of our then-current initial franchise fee. However, the transfer fee will be reduced to: (i) 40% of our then-current initial franchise fee if the transferee is an existing franchisee; or (ii) $1,000 if there is a change of your ownership that does not result in a change in the majority owner's interest in you;

(h) you (and your transferring owners) have signed a general release, in form satisfactory to us, of any and all claims against us and our shareholders, owners, members officers, directors, employees and agents;

(i) we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Salon;

(j) if you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in the Salon are subordinate to the transferee's obligation to pay Royalty, Marketing Contributions and other amounts due to us and otherwise to comply with this Agreement;

(k) you and your transferring owners (and your and your owners' spouses and children) have signed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in this Agreement; and

(l) you and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other PAINT Nail Bar® Salons you own and operate) identify yourself or themselves or any business as a current or former PAINT Nail Bar® Salon, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a PAINT Nail Bar® Salon in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.

14.4 **Transfer to a Business Entity**. If you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than the Salon and, if applicable, other PAINT Nail Bar® Salon so long as you own, control and have the right to vote 51% or

more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. All other owners of 5% or more of your equity interests are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner sign an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of the your obligations under this Agreement.

14.5 **Transfer Upon Death or Disability**. Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, we may require you (or such owner's executor, administrator, conservator, guardian or other personal representative) to transfer your interest in this Agreement (or such owner's interest in you) to a third party. Such disposition (including, without limitation, transfer by bequest or inheritance) must be completed within the time we designate, not less than one month but not more than three months from the date of death or disability. Such disposition will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the Salon.

14.6 **Operation Upon Death or Disability**. If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the Salon is not being managed by a Certified Manager, your or such owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed 10 days from the date of death or disability, appoint a manager to operate the Salon. Such manager will be required to complete training at your expense. Pending the appointment of a manager as provided above or if, in our judgment, the Salon is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a manager for the Salon. All funds from the operation of the Salon during the management by our appointed manager will be kept in a separate account, and all expenses of the Salon, including compensation, other costs and travel and living expenses of our manager, will be charged to this account. We also have the right to charge a management fee equal to 10% of Gross Revenues (in addition to the Royalty, Marketing Contributions and other fees payable under this Agreement) during the period that our appointed manager manages the Salon. Operation of the Salon during any such period will be on your behalf, provided that we only have a duty to utilize our reasonable efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the Salon or to any of your creditors for any products, materials, supplies or services the Salon purchases during any period it is managed by our appointed manager. The term "**disability**" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you, or your owner, or Certified Manager from supervising the Salon's management and operation.

14.7 **Effect of Consent to Transfer**. Our consent to a transfer of this Agreement and the Salon or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Salon or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

14.8 **Our Right of First Refusal**. If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the Salon or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of 10% or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror and, in the case of a publicly-held corporation or limited partnership, copies of the most current annual and quarterly reports and Form 10K) and within 5 days of receipt submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the Salon and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and the Salon must reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling owner(s) within 30 days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

(a) we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);

(b) our credit will be deemed equal to the credit of any proposed purchaser;

(c) we will have not less than 60 days after giving notice of our election to purchase to prepare for closing; and

(d) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interest of a Business Entity, as applicable, including, without limitation, representations and warranties as to:

(i) ownership and condition of and title to the ownership interest and/or assets;

(ii) liens and encumbrances relating to the ownership interest and/or assets; and

(iii) validity of contracts and the liabilities, contingent or otherwise, of the Business Entity whose ownership interest is being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of 2 years commencing on the date of the closing, you and they will be bound by the noncompetition covenant contained this Agreement. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer,

provided that, if the sale to such purchaser is not completed within 60 days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30 day period following either the expiration of such 60 day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

15. **SUCCESSOR TERMS**.

15.1 **Acquisition**. Upon expiration of this Agreement, subject to the conditions of this Section, you will have the right to acquire a successor franchise to operate the a PAINT Nail Bar® Salon for 2 additional 5-year periods on the terms and conditions of the franchise agreement we are then using in granting franchises for PAINT Nail Bar® Salons, if you (and each of your owners) have substantially complied with this Agreement during its term, and either:

(a) you maintain possession of and agree to remodel and/or expand the Salon, add or replace improvements, equipment and signs and otherwise modify the Salon as we require to bring it into compliance with specifications and standards then applicable for PAINT Nail Bar® Salons; or

(b) if you are unable to maintain possession of the Site, or if in our judgment the Salon should be relocated, you secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for PAINT Nail Bar® Salons and continue to operate the Salon at the Site until operations are transferred to the substitute premises.

15.2 **Grant**. You must give us written notice of your election to acquire a successor franchise at least 12 months, before the end of the Term. We will respond ("**Response Notice**"), within 90 days after we receive your notice, of our decision, either:

(a) to grant you a successor franchise;

(b) to grant you a successor franchise on the condition that deficiencies of the Salon, or in your operation of the Salon, are corrected; or

(c) not to grant you a successor franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term.

If applicable, our Response Notice will:

(i) describe the remodeling and/or expansion of the Salon and other improvements or modifications required to bring the Salon into compliance with then applicable specifications and standards for PAINT Nail Bar® Salons; and

(ii) state the actions you must take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a successor franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a successor franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

In our discretion, we may extend the term of this Agreement for such period of time as we deem necessary in order to provide you with either reasonable time to correct deficiencies or 90 days' notice of our refusal to grant a successor franchise.

15.3 **Agreements/Releases**. If you satisfy all of the other conditions to the grant of a successor franchise, you and your owners agree to sign our then current form of franchise agreement, the terms of which may be materially different then the terms contained in this Agreement, and any ancillary agreements we are then customarily using in connection with the grant of successor franchises for PAINT Nail Bar® Salons (collectively, the "**Successor Franchise Agreement**"). You and your owners further agree to sign general releases, in form satisfactory to us, of any and all claims against us and our shareholders, owners, members, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign the Successor Franchise Agreement and general releases and deliver them to us for acceptance and signature within 30 days after their delivery to you will be deemed an election not to acquire a successor franchise.

15.4 **Training and Refresher Programs**. Our grant of a successor franchise is also conditioned on the satisfactory completion by you (or your owners) of any new training and refresher programs as we may reasonably require.

15.5 **Successor Franchise Fee**. Our grant of a successor franchise is contingent on your payment to us of a successor franchise fee equal to 50% of our then-current initial franchise fee. The successor franchise fee is due upon execution of the Successor Franchise Agreement.

15.6 **Subsequent Successor Franchises**. The fees and other conditions for any later granting of subsequent successor franchises will be governed by the successor franchise agreement (as described above) and which will, itself, provide for terms and conditions for you to obtain a subsequent successor franchise.

16. TERMINATION OF AGREEMENT.

16.1 **Termination Without Notice.** This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

(a) If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law.

(b) consent to or acquiesce to the appointment of a trustee or receiver for you or the Salon.

(c) if proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for you or the Salon without your consent, and the appointment is not vacated within sixty (60) days.

16.2 **Termination by Us On Notice**. We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

(a) you (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise, including but not limited to any financial misrepresentation;

(b) you fail to begin operating the Salon within 12 months of the Effective Date;

(c) you, or your owners, fail to successfully complete required initial or other training to our satisfaction;

(d) you abandon or fail to actively operate the Salon for two or more consecutive business days, unless the Salon has been closed for a purpose we have approved or because of casualty or government order. The term "abandon" includes any conduct which indicates a desire or intent to discontinue operating the Salon as a PAINT Nail Bar® Salon for a period of two or more consecutive days;

(e) you surrender or transfer control of the operation of the Salon without our prior written consent;

(f) you (or any of your owners) are or have been convicted of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense or take part in any criminal misconduct relevant to the operation of your Salon;

(g) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Salon or another PAINT Nail Bar® Salon or the goodwill associated with the Marks;

(h) you understate Gross Revenues by 3% or more;

(i) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Salon;

(j) in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as required under this Agreement;

(k) you lose the right to possession of the Site;

(l) you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of this Agreement;

(m) you violate any health, safety or sanitation law, ordinance or regulation and do not begin to cure the noncompliance or violation immediately, and correct such noncompliance or violation within 24 hours, after written notice is delivered to you;

(n) you fail to make payments of any amounts due to us and do not correct such failure within 10 days after written notice of such failure is delivered to you;

(o) you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the Salon, the landlord for your lease, or to vendors or suppliers we

designate or have approved, within 15 days or such other applicable grace or cure period, unless you are in good faith contesting your liability for such taxes;

(p) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure within 10 days after written notice of such failure to comply is delivered to you;

(q) you (or any of your owners) fail on 2 or more separate occasions within any consecutive 12-month period or on 5 occasions during the Term, to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us, or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or

(r) You fail to maintain insurance or repay us for insurance we pay for, or if you otherwise fail to adhere to the requirements of Section 10.16.

(s) If you or any of your principals engage in any violent or threatening act towards and employee, customer, or any other person.

(t) If you violate the in-term restrictive covenant set forth in Section 9 of this Agreement.

(u) If you fail, within 15 days after notification of non-compliance by federal, state or local government authorities to comply with any law, ordinance or regulation applicable to the Salon or your otherwise continued violation of any law, ordinance, rule or regulation of a governmental agency.

16.3 **Termination by Us After Notice**. We may also terminate this Agreement after we notify you of our intention to do so because of the occurrence of any of the following events and your failure to cure it within 30 days of our notice:

(a) you or a Certified Manager is not present at the Salon during all open hours;

(b) failure to keep the Salon open during the required hours;

(c) purchasing or leasing any product or service from an unapproved supplier;

(d) failure to participate in a Co-op;

(e) failure to obtain and maintain required permits

(f) if you are a Business Entity, failure to maintain active status in your state of organization;

(g) failure to promptly pay any amounts due us or your suppliers including landlords or lessors;

(h) failure to timely make required reports;

(i) failure to maintain sufficient liquid funds to pay amounts to us via electronic transfer;

(j) you violate any other provision of this Agreement;

(k) failure to maintain any standards or procedures contained in the Manuals, memos, communications or notices we have disseminated or published;

(l) failure to obtain any approvals or consents required by this Agreement.

However, failure to meet any Development Schedule under an Area Development Agreement with us will not be cause for terminating this Agreement. An uncured default under this Agreement is cause for terminating any Area Development Agreement you have with us.

16.4 **Management of Salon by Us**. In addition to our right to terminate this Agreement, and not in lieu thereof, we may enter into the Salon and exercise complete authority with respect to the management thereof until such time as we determine that your default has been cured and you are complying with the requirements of this Agreement. You specifically agree that our designated representative may take control and manage the Salon in the event of any such default. If we assume the management of the Salon, you must pay us (in addition to the Royalty) a management fee equal to 10% of the Salon's Gross Revenues (the "**Management Fee**"), plus reimburse us for the full compensation paid to our representative so long as our representative shall be necessary and, in any event, until the default has been cured and you are complying with the terms of this Agreement. You acknowledge that the Management Fee is in addition to the Royalty, Marketing Contributions, and any other fees due under this Agreement and will be paid in accordance with the methods of payment as provided in this Agreement. If we assume the Salon's management, you acknowledge that we will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses or obligations the Salon incurs, or to any of your creditors for any supplies or services the Salon purchases, while we manage it.

17. RIGHTS AND OBLIGATIONS UPON TERMINATION.

17.1 **Payment of Amounts Owed To Us**. You agree to pay us within 10 days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due to us are determined, such Royalty, Marketing Contributions, amounts owed for purchases from us, interest due on any of the foregoing and all other amounts owed to us which are then unpaid.

17.2 **Marks**. Upon the termination or expiration of this Agreement:

(a) Immediately cease operations under the Agreement;

(b) you may not directly or indirectly at any time or in any manner (except with respect to other PAINT Nail Bar® Salons you own and operate) identify yourself or any business as a current or former PAINT Nail Bar® Salon, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a PAINT Nail Bar® Salon in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

(c) you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(d) if we do not have or do not exercise an option to purchase the Salon, you agree to deliver to us within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date all signs, sign-faces, sign-cabinets, marketing materials, forms and other

materials containing any Mark or otherwise identifying or relating to a PAINT Nail Bar® Salon and allow us, without liability to you or third parties, to remove all such items from the Salon;

(e) if we do not have or do not exercise an option to purchase the Salon, you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will promptly and at your own expense make such alterations we specify to distinguish the Salon clearly from its former appearance and from other PAINT Nail Bar® Salons so as to prevent confusion by the public;

(f) if we do not have or do not exercise an option to purchase the Salon, you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date (defined below), you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, fax or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and

(g) you agree to furnish us, within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date, with evidence satisfactory to us of your compliance with the foregoing obligations.

17.3 **Confidential Information**. You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have given or provided access to you.

17.4 **Competitive Restrictions**. Upon our termination of this Agreement in accordance with its terms and conditions, or expiration of this Agreement (if we offer, but you elect not to acquire, a successor franchise):

(a) you and your owners agree that, for a period of 2 years commencing on the effective date of termination or expiration or the date on which a person restricted by this Section begins to comply with this Section, whichever is later, neither you nor any of your owners will have any direct or indirect interest (e.g., through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Salon operating:

(i) at the Site;

(ii) within a 10-mile radius of the Site; or

(iii) within a 10-miles radius of any other PAINT Nail Bar® Salon in operation on the later of the effective date of the termination or expiration.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the 2-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

17.5 **Our Right to Purchase**.

(a) **Exercise of Option**. Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within 60 days from the date of such termination, to purchase any property or assets used in connection with operation of the Salon by for the book value for such property. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "**Notification Date**"). For purposes of this paragraph, "book value" means the amount you actually paid for the property less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule you use for accounting purposes). Notwithstanding the foregoing, to the extent that we exercise our right to purchase any personal property that is subject to a lease or finance agreement, the purchase price will be net of the remaining amounts due under the lease agreement or financing arrangement, including prepayment penalties. We will be entitled to offset the purchase price by amounts you owe to us and our affiliates, and any payments necessary to acquire clear title to property or for any other debt. If we exercise our option to purchase, pending the closing of such purchase, we have the right to appoint a manager to maintain the operation of the Salon or may require you to close the Salon during such period without removing any assets. You are required to maintain in force all insurance policies required under this Agreement until the date of such closing. We have the unrestricted right to assign our rights under this Section 17.5. We will be entitled to all customary warranties and representations in connection with our purchase of your property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise. We may exclude from the personal property purchased under this Section 17.5 cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Salon's operations or that we have not approved as meeting our then-current standards for Salon.

(b) **Leasehold Rights**. You agree at our election:

(i) to assign your leasehold interest in the Site to us; or

(ii) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

17.6 **Continuing Obligations**. All of our and your (and your owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Examples include indemnification, payment, de-identification and dispute resolution provisions.

18. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

18.1 **Independent Contractors**. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Salon personnel and others as the owner of the Salon under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time to time.

18.2 **No Liability for Acts of Other Party**. You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Salon's operation or the business you conduct pursuant to this Agreement.

18.3 **Taxes**. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or the Salon, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

18.4 **Indemnification**. You agree to indemnify, defend and hold harmless us, our affiliates and our respective shareholders, owners, members, directors, officers, employees, agents, successors and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations and damages described in this Section, any and all taxes described in this Agreement and any and all claims and liabilities directly or indirectly arising out of the Salon's operation (even if our negligence is alleged) or your breach of this Agreement. For purposes of this indemnification, "**claims**" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

19. ENFORCEMENT.

19.1 **Severability**. Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any PAINT Nail Bar® System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

19.2 **Waivers**. We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any

other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

19.3 **Limitation of Liability** . Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

(a) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;

(b) acts of God;

(c) acts or omissions of a similar event or cause.

However, such delays or events do not excuse payments of amounts owed at any time.

19.4 **Approval and Consents**. Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on and will not assume any liability or obligation to you.

19.5 **Waiver of Punitive Damages**. YOU HEREBY WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST US. YOU ALSO AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, YOUR CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

19.6 **Limitations of Claims**. YOU FURTHER AGREE THAT NO CAUSE OF ACTION ARISING OUT OF OR UNDER THIS AGREEMENT MAY BE MAINTAINED BY YOU AGAINST US UNLESS BROUGHT BEFORE THE EXPIRATION OF ONE YEAR AFTER THE ACT, TRANSACTION OR OCCURRENCE UPON WHICH SUCH ACTION IS BASED OR THE EXPIRATION OF ONE YEAR AFTER YOU BECOME AWARE OF FACTS OR CIRCUMSTANCES REASONABLY INDICATING THAT YOU MAY HAVE A CLAIM AGAINST US HEREUNDER, WHICHEVER OCCURS SOONER, AND THAT ANY ACTION NOT BROUGHT WITHIN THIS PERIOD WILL BE BARRED AS A CLAIM, COUNTERCLAIM, DEFENSE, OR SET-OFF. YOU HEREBY WAIVE THE RIGHT TO OBTAIN ANY REMEDY BASED ON ALLEGED FRAUD, MISREPRESENTATION, OR DECEIT BY US, INCLUDING, WITHOUT LIMITATION, RESCISSION OF THIS AGREEMENT, IN ANY MEDIATION, JUDICIAL, OR OTHER ADJUDICATORY PROCEEDING ARISING HEREUNDER, EXCEPT UPON A GROUND EXPRESSLY PROVIDED IN THIS AGREEMENT, OR PURSUANT TO ANY RIGHT EXPRESSLY GRANTED BY ANY APPLICABLE STATUTE EXPRESSLY REGULATING THE SALE OF FRANCHISES, OR ANY REGULATION OR RULES PROMULGATED THEREUNDER.

19.7 **Governing Law**. EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY FLORIDA LAW (WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES), EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND

FRANCHISE OWNER, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. References to any law or regulation also refer to any successor laws or regulations and any implementing regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

19.8 **Jurisdiction**. YOU AND WE CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN THE COUNTY IN WHICH OUR PRINCIPAL BUSINESS OFFICE IS LOCATED AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE PARTIES TO CONFIRM OR ENFORCE ANY AWARD IN ANY APPROPRIATE JURISDICTION.

19.9 **Waiver of Jury Trial**. YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

19.10 **Cumulative Remedies**. The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

19.11 **Costs and Attorneys' Fees**. If you are in breach of any monetary or non-monetary material obligation under this Agreement or any related agreement between you and us and/or our affiliates, and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all of our reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of this Agreement, and your claim in such action is denied or the action is dismissed, we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

19.12 **Binding Effect** . This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

19.13 **Entire Agreement** . This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement, except for the information contained in our Franchise Disclosure Document. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us.

19.14 **No Liability to Others; No Other Beneficiaries**. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

19.15 **Construction**. The headings of the sections are for convenience only. If two or more persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their

obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. "**A or B**" means "**A**" or "**B**" or both.

19.16 **Certain Definitions**. The term "**family member**" refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term "**affiliate**" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms "**franchisee, franchise owner, you and your**" are applicable to one or more persons, including a Business Entity, as the case may be. The singular use of any pronoun also includes the plural, and the masculine and neuter usages include the other and the feminine. The term "**person**" includes individuals or Business Entities. The term "**section**" refers to a section or subsection of this Agreement. The word "**control**" means the power to direct or cause the direction of management and policies. The word "**owner**" means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

19.17 **Timing is of the Essence**. It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words "**from**" and "**commencing on**" (and the like) mean "**from and including**"; and the words "**to**," "**until**" and "**ending on**" (and the like) mean "**to but excluding**." Indications of time of day mean Tampa, Florida time.

19.18 **Uniformity**. You acknowledge that current and future franchisees may operate under different forms of agreement, and our obligations towards them may differ materially in certain circumstances.

20. DISPUTE RESOLUTION.

20.1 **Internal Dispute Resolution**. You must first bring any claim or dispute between you and us to our CEO or President and provide us with thirty (30) days' notice and opportunity to cure. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

20.2 **Mediation.** At our option, all claims or disputes between you and us or our affiliates arising out of or in any way relating to this Agreement or any other agreement between you and us or our affiliates, or any of the parties' respective rights and obligations arising from such agreements, which are not first resolved through the internal dispute resolution procedure set forth in Section 19.3 above, must be submitted first to mediation in in the city in which are principal business office is located (currently Sarasota, Florida) under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of 30 days following receipt of such notice within which to notify you whether we or our affiliates elect to exercise our option to submit claims or disputes to mediation. You may not commence any action against us or our affiliates with respect to any such claim or dispute in any court unless we fail to exercise our option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of our written declaration. Our right to mediate, as set forth herein, may be specifically enforced by us. Each party

will bear its own cost of mediation and we will share mediation costs equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation.

The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 20.2 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(1) Any federally protected intellectual property rights in the Marks, the System, Proprietary Materials, proprietary software, or in any Confidential Information;

(2) Any claims pertaining to or arising out of any warranty issue;

(3) Any of the restrictive covenants contained in this Agreement; or

(4) Any claims to collect past due amounts owed to us or our affiliates.

20.3 **Venue for Litigation.** The parties expressly agree to the exclusive jurisdiction and venue of any court of general jurisdiction in the county where are headquarters are then located, currently Sarasota, Florida. You acknowledge that this Agreement has been entered into in the State of Florida, and that you are to receive valuable and continuing services emanating from our headquarters in Florida, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Sarasota, Florida. The parties agree that all proceedings will be conducted on an individual, not a class-wide basis, and that any proceeding between you, your guarantors, and we or our affiliates or employees may not be consolidated with any other proceeding between us and any other party or entity.

20.4 **Specific Performance**. Nothing contained in this Agreement will prevent us from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interests, without bond, against conduct or threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance.

20.5 **Third Parties**. The dispute resolution provisions of this agreement are intended to benefit and bind certain third-party non-signatories, and all of yours and our principal owners and affiliates.

20.6 **Survival**. This provision continues in full force and effect subsequent to and notwithstanding the expiration or termination of this agreement for any reason.

21. NOTICES.

21.1 **Notices**. All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

(a) at the time delivered by hand;

(b) one business day after transmission by facsimile, email or other electronic system;

(c) 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

(d) 3 business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us: PAINT NAIL BAR FRANCHISE COMPANY, LLC
1432 First Street
Sarasota, FL 34236
Phone: (941) 366-8989
Fax: (423) 456-7890

If to You: _____
_____
_____
Attention: _____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within 10 business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or properly placed in the U.S. mail and postmarked by postal authorities at least 3 business days prior thereto, or for which the receipt from the commercial carrier service is not dated at least 2 business days prior thereto) will be deemed delinquent.

21.2 **Electronic Mail**. You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates ("**Official Senders**") to you during the term of this Agreement. You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the term of this Agreement.

22. **COMPLIANCE WITH ANTI-TERRORISM LAWS**. You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, constitutes good cause for immediate termination of this Agreement.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Agreement to be effective as of the Effective Date, regardless of the dates listed below.

"US"	**"YOU"**
PAINT NAIL BAR FRANCHISE COMPANY, LLC	*Name of Franchisee*
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

EXHIBIT "A"

TARGET AND TRADE AREAS,
ESTABLISHMENT PACKAGE AND
INITIAL INVENTORY

You must locate the Premises of your Salon in the Target Area which is as follows:

_____
_____
_____

You acknowledge that the Target Area is delineated solely for the purpose of establishing a geographic area within which you will secure an approved site for the PAINT Nail Bar® Salon and for no other purpose. The Target Area does not grant to you any promise of exclusivity or territorial protection.

The Territory of your Salon is as follows:

_____
_____
_____

ESTABLISHMENT PACKAGE

ITEM	COST
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
TOTAL COST OF ESTABLISHMENT PACKAGE	**$**_____

INITIAL INVENTORY

ITEM	COST
	$_____

ITEM	COST
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
	$_____
TOTAL COST OF INITIAL INVENTORY	**$**_____

"US"

PAINT NAIL BAR FRANCHISE COMPANY, LLC

By:_____
Name:_____
Title:_____
Date:_____

"YOU"

Name of Franchisee

By:_____
Name:_____
Title:_____
Date:_____

EXHIBIT "B"

PRINCIPAL OWNER'S GUARANTY

This Guaranty must be signed by the principal owners (referred to as "**you**" for purposes of this Guaranty only) of _____ (the "**Business Entity**") under the Franchise Agreement dated _____, 20___ and any Promissory Note for the Initial Franchise Fee, or otherwise (collectively, the "**Agreement**") with **PAINT NAIL BAR FRANCHISE COMPANY, LLC** ("**us**," or "**our**" or "**we**").

1. **Scope of Guaranty**. In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

2. **Waivers**. Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements**. Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

4. **Enforcement Costs**. If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness**. Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Florida law and we may enforce our rights regarding it in the courts of Sarasota, Florida. Each of you irrevocably submits to the jurisdiction and venue of such courts.

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY	**GUARANTORS**
_____	_____ Print Name: _____ Date: _____
_____	_____ Print Name: _____ Date: _____
_____	_____ Print Name: _____ Date: ___

EXHIBIT C TO THE DISCLOSURE DOCUMENT

AREA DEVELOPMENT ADDENDUM

AREA DEVELOPMENT ADDENDUM

THIS AREA DEVELOPMENT ADDENDUM (the "**Addendum**") is effective this _____ (the "**Effective Date**"), and amends the franchise agreement dated _____ (the "**Current Franchise Agreement**") between **PAINT NAIL BAR FRANCHISE COMPANY, LLC**, a Florida limited liability company whose principal business address is 1432 First Street, Sarasota, Florida 34236 ("**we**," "**us**," or "**our**" or "**Franchisor**"), and _____ whose principal business address is _____(referred to in this Addendum as "**you**," "**your**" or "**Developer**").

BACKGROUND INFORMATION

You are simultaneously entering into the Current Franchise Agreement with us to own and operate a PAINT Nail Bar® Salon at an approved location. You and we are singing this Addendum because you would like the right to develop and operate multiple PAINT Nail Bar® Salons within a certain geographic area over a certain period of time, and we are willing to grant you those rights if you comply with the terms and conditions of this Addendum.

OPERATIVE TERMS

1. **Precedence and Defined Terms**. This Addendum is an integral part of, and is incorporated into, the Current Franchise Agreement. Nevertheless, this Addendum supersedes any inconsistent or conflicting provisions of the Current Franchise Agreement. Capitalized terms used but not defined in this Addendum have the meanings given in the Current Franchise Agreement.

2. **Term of Addendum**. This Addendum commences on the Effective Date and expires on the earlier of (such period being the "**Term**"): (i) the last day of the Development Schedule (defined below); or (ii) the opening of the last PAINT Nail Bar® Salon specified in the Development Schedule. This Addendum may be terminated before it expires in accordance with its terms. Upon expiration or termination of this Addendum, you will no longer have any further rights to acquire franchises to operate PAINT Nail Bar® Salons under this Addendum; but you may continue to develop, own and operate all PAINT Nail Bar® Salons then subject to fully executed franchise agreements (including the Current Franchise Agreement, the "**Franchise Agreements**") with us in accordance with their terms.

3. **Development Rights**. If you are in full compliance with all of the provisions of this Addendum and all of the Franchise Agreements, then during the Term, we will grant to you the right to develop, own and operate ___ new PAINT Nail Bar® Salons (including the Salon to be developed under the Current Franchise Agreement) to be located within the following Development Area which is defined as the entire territory encompassed by:

_____

in the State of _____ (the "**Development Area**").

4. **Development Obligations**. During the term of this Addendum, to maintain your rights under this Addendum, you must:

(a) at all times faithfully, honestly and diligently perform your obligations and continuously exert your best efforts to promote and enhance the development of Salons within the Development Area.

(b) open and maintain in operation a total of _____ PAINT Nail Bar® Salons through the Term and within each of the time periods (the "**Development Periods**") mandated by the schedule below (the "**Development Schedule**").

(c) open Salons by the end of each Development Period below; and

(d) maintain the cumulative number of Salons in operation as of the end of each Development Period below:

Development Period	**Salon No.**	**Opening Deadline Measured from Effective Date**	**Cumulative Number in Operation**

You may only relocate a Salon in accordance with the terms and conditions provided in the franchise agreement for that Salon. To maintain your rights under this Addendum, no more than one Salon may be temporarily closed for relocation at any given time.

5. **Development Fee**. You agree to pay us a development fee of $_____ (the "**Development Fee**"), which is equal to $52,500 for the first PAINT Nail Bar® Salon to be opened pursuant to the Current Franchise Agreement, plus: (a) $47,500 for the second Salon, and (b) $37,500 each for the remaining Salons to be developed under the Development Schedule. After payment of the Development Fee in full, the Initial Franchise Fee for each Salon is reduced to -0-. The total initial payment is illustrated as follows:

No. of Salons	**Current Initial Franchise Fee**	**Development Fee**	**Total Initial Fees Due**
2	$52,500	$47,500	$100,000
3	$52,500	$47,500 + $37,500	$137,500
4	$52,500	$47,500 + (2 x $37,500	$175,00
5	$52,500	$47,500 + (3 x $37,500	$212,500

The Development Fee constitutes payment only for the rights we grant you under this Addendum. The Development Fee must be paid in full on the Effective Date. The Development Fee is fully earned by us and non-refundable.

6. **Effect of Failure**. Strict compliance with the Development Schedule is of the essence. If you do not timely meet or maintain the Development Schedule, you will be in default. Any such default constitutes a material breach of this Addendum and we may terminate this Addendum. Termination of the Addendum: (a) will cancel your exclusivity so that we may grant additional franchises or ourselves operate Salons in the Development Area, but (b) will not terminate the Franchise Agreements which will remain in effect

7. **Franchise Agreement**. You must enter into our then-current form of franchise agreement for each PAINT Nail Bar® Salon, and your guarantors must personally guaranty your obligations under them pursuant to our then-current forms of Principal Owners Guaranty. You must sign each franchise agreement no later than the earlier of the date you sign a lease agreement or construction contract for the associated Salon. However, all Franchise Agreements will be modified to provide that the initial franchise fee for each PAINT Nail Bar® Salon under the Development Schedule will be waived.

8. **Grant of Franchises**. You agree to give us all information and materials we request to assess each proposed Salon site and your or your Controlled Affiliate's financial and operational ability to develop and operate each proposed Salon. "Controlled Affiliate" means any initial business entity of which you or one or more of your majority owners owns at least 51% of the total authorized ownership interests, as long as you or such owner(s) have the right to control the business entity's management and policies. We will accept or reject a site you propose for a Salon within 15 days after we receive from you a complete site report and any other materials we request. If we do not respond within the 15 day period then the site will be deemed rejected. We will not unreasonably withhold approval of any site you propose that meets our then-current criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other PAINT Nail Bar® Salons, the nature of other businesses in proximity to the site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed site. We have the absolute right to disapprove any site that does not meet these criteria and other criteria that we may develop from time to time. Neither you nor any Controlled Affiliate may sign any lease or sublease for a site without our prior written acceptance of such site and without first signing and complying with a franchise agreement applicable to such site. If we approve a proposed site, we must also approve your or your Controlled Affiliate's financial and operational ability to develop and operate the proposed Salon before we will enter into a franchise agreement for the proposed Salon with you or your Controlled Affiliate. After you or your Controlled Affiliate sign a franchise agreement, its terms and conditions will control the development and operation of that Salon, with the exception that it must be opened within the time limits specified in the Development Schedule.

9. **Franchise Status**. This Addendum does not create a franchise relationship between you and us. Any franchise relationship between you and us is created solely by signing a Franchise Agreement.

10. **Transfer**. Your rights under this Addendum are neither assignable nor transferable.

11. **Remaining Terms Unaffected**. The remaining terms of the Current Franchise Agreement are unaffected by this Addendum and remain binding on the parties.

Intending to be bound, you and we sign and deliver this Addendum in one or more counterparts on the Effective Date.

US:	**YOU:**
PAINT NAIL BAR FRANCHISE COMPANY, LLC **By:** **Name:** **Title:** **Date:**	Name of Developer By: Name: Title: Date:

EXHIBIT D TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Paint Nail Bar Franchise Company, LLC
Report on Audit of Financial Statements
December 31, 2023, 2022, and 2021
And For The Years Then Ended

Prepared by: HD Davis CPAs, LLC
Certified Public Accountants
4308 Belmont Ave., Ste 1
Youngstown, Ohio 44505
(330) 759-8522

FINANCIAL STATEMENTS

PAINT NAIL BAR FRANCHISE COMPANY, LLC

December 31, 2023, 2022 and 2021

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HD Davis CPAs
www.hddaviscpas.pro
info@hddaviscpas.pro

August 28, 2024

To the Stockholders
PAINT Nail Bar Franchise Company, LLC
Sarasota, Florida

Independent Auditor's Report

We have audited the accompanying financial statements of PAINT Nail Bar Franchise Company, LLC (the Company), which comprise the balance sheets as of December 31, 2023, 2021 and 2020, and the related statements of operations and accumulated deficit and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material aspects, the financial position of Paint Nail Bar Franchise Company, LLC as of December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financials 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 Paint Nail Bar Franchise Company, LLC'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 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 Paint Nail Bar Franchise Company, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Paint Nail Bar Franchise Company, LLC's ability to continue as a going concern for a reasonable period of time.

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

HD Davis CPAs

HD Davis CPA's
Youngstown, Ohio

BALANCE SHEETS

PAINT NAIL BAR FRANCHISE COMPANY, LLC

December 31, 2023, 2022 and 2021

	2023	2022	2021
ASSETS			
CURRENT ASSETS			
Cash	$ **170,547**	$ 186,914	$ 131,218
Franchisee receivables	**151,842**	135,661	99,623
Due from related party - NOTE B	**806,640**	841,225	133,695
Due from stockholders - NOTE B	**156,587**	65,194	0
Right of use asset - NOTE D	**24,492**	24,492	0
Other receivable	**2,000**	2,000	2,000
TOTAL CURRENT ASSETS	$ **1,312,108**	$ 1,255,486	$ 366,536
LIABILITIES AND ACCUMULATED DEFICIT			
CURRENT LIABILITIES			
Accounts payable	$ **18,791**	$ 43,863	$ 18,165
Franchise payable	**15,400**	18,500	0
Short-term lease liability - NOTE D	**23,082**	23,082	0
Due to related party - NOTE B	**0**	0	6,406
Deferred revenue	**1,364,285**	1,340,075	1,019,650
Accrued Payroll	**13,659**	13,099	0
TOTAL CURRENT LIABILITIES	**1,435,217**	1,438,619	1,044,221
ACCUMULATED DEFICIT - NOTE B	**(123,109)**	(183,133)	(677,685)
	$ **1,312,108**	$ 1,255,486	$ 366,536

See accompanying notes to financial statements

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

PAINT NAIL BAR FRANCHISE COMPANY, LLC

December 31, 2023, 2022 and 2021

	2023	2022	2021
REVENUE			
Franchise	$ 745,447	$ 570,284	$ 281,763
Royalties	1,020,853	891,659	703,924
TOTAL REVENUE	1,766,300	1,461,943	985,687
GROSS PROFIT	1,766,300	1,461,943	985,687
OPERATING EXPENSES			
Officers wages	207,692	169,231	0
Payroll	94,008	84,825	102,575
Payroll taxes	23,816	20,774	8,394
Bank charges	40,378	988	479
Computer and software	7,752	2,905	7,802
Commissions & fees	4,966	887	0
Donations	332	3,000	1,558
Dues and subscriptions	151,184	133,956	6,512
Employee benefits	3,282	0	0
Insurance	20,611	3,989	1,625
Marketing	33,337	23,020	37,489
Meals and entertainment	38,530	18,154	37,658
Franchise meeting	43,009	0	21,088
Office expenses	8,397	2,631	11,521
Postage and delivery	2,333	3,101	4,587
Professional fees	143,179	180,030	118,314
Rent	4,070	27,924	20,725
Operating lease	4,845	24,810	0
Other general and administrative	16,790	0	0
Repairs and maintenance	35,080	12,667	9,617
Supplies	61,007	64,333	66,024
Subcontractors	136,269	0	0
Taxes and licenses	1,334	0	1,991
Training	0	0	1,206
Travel	113,355	100,985	71,173
Utilities	14,269	6,711	8,508
TOTAL OPERATING EXPENSE	1,209,825	884,921	538,846
OTHER INCOME			
Other income	0	6,406	0
Product rebate income	0	0	1,225
TOTAL OTHER INCOME	0	6,406	1,225
NET INCOME	556,475	583,428	448,066
ACCUMULATED DEFICIT			
Beginning of year	(183,133)	(677,685)	(326,910)
Distributions	(496,451)	(88,876)	(798,841)
End of year	$ (123,109)	$ (183,133)	$ (677,685)

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

PAINT NAIL BAR FRANCHISE COMPANY, LLC

December 31, 2023, 2022 and 2021

	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 556,475	$ 583,428	$ 448,066
Adjustments to reconcile net income to net cash provided by operating activities:			
Increase in franchisee receivables	(16,181)	(36,038)	(44,954)
Decrease in other receivables	0	(24,492)	0
Increase (decrease) in accounts payable	(25,072)	25,698	(15,790)
Increase (decrease) in accrued liabilities	(2,540)	31,599	0
Increase in short-term liabilities	0	23,082	0
Increase in deferred revenue	24,210	320,425	434,389
NET CASH PROVIDED BY OPERATING ACTIVITIES	536,892	923,702	821,711
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in financed franchise fee receivable	0	0	25,000
(Increase) decrease in due to/from related party	(56,808)	(779,130)	20,098
Distributions	(496,451)	(88,876)	(798,841)
NET CASH USED IN FINANCING ACTIVITIES	(553,259)	(868,006)	(753,743)
NET CHANGE IN CASH	(16,367)	55,696	67,968
CASH			
Beginning of year	186,914	131,218	63,250
End of year	$ 170,547	$ 186,914	$ 131,218

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

PAINT NAIL BAR FRANCHISE COMPANY, LLC

December 31, 2023, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business:
PAINT Nail Bar Franchise Company, LLC (the Company) is a Florida Limited Liability Company formed on August 13, 2015, located in Southwest Florida. The Company offers franchises for the establishment and operation of nail salons and is in the business of selling franchise licenses, or the right to franchise the Company's business model, as well as providing various support services to franchisees in the nail care industry.

Method of Accounting:
The Company utilizes the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

Cash and Cash Equivalents:
The Company considers highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

Franchising:
The Company generates revenues from franchising through individual franchise agreements. The Company recognizes these revenues in accordance with Financial Accounting Standards Board (FASB) ASC 606, Revenue from Contracts with Customers, which requires deferral until performance obligations are satisfied. When a franchise is sold, the Company agrees to provide certain services to the franchisee including training, opening assistance and ongoing training. For purposes of ASC 606, the Company has interpreted the guidance in ASC 606-10-25-19 to not consider those pre-opening services to be separate performance obligations from the franchise license. The Company recognizes revenue once substantial performance of the franchisor obligations is complete, which is normally upon opening of the store

The franchise agreements require the franchisee to pay an initial, non-refundable fee upon the signing of the agreement and continuing monthly royalty fees are the greater of $1,500 or a certain percentage of gross sales, currently ranging from 5.0% to 6.0%. The initial term of the franchise agreement is ten years with renewal options of ten years subject to certain conditions. In some cases, the Company may enter into a multi-unit development agreement with a franchisee, which allows a single franchisee to open more than one store in a specified geographical area.

Royalty revenue from store sales is recognized as earned by the Company on a monthly basis. Monthly contributions to the Marketing Fund by franchisees are recorded as a liability until the funds are disbursed on advertising expense, as defined in the franchise agreements.

Technology Fee:
A technology fee ranging from $300 to $650 per month is collected from all franchisees for social media website development and franchisee intranet development that provides training, marketing and benchmarking metrics.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Late Fees:
An administrative fee of $100 per occurrence is charged for any delinquent payment by a franchisee. Interest of the lesser of 18% per year or highest contract rate of interest allowed by law is payable by the franchisee on all overdue amounts.

Use of Estimates:
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes:
No provision for income taxes has been made in these financial statements since the Company, with the consent of the stockholders, has elected under the Internal Revenue Code to be taxed as an S corporation. In lieu of corporate income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income.

NOTE B – CONTROLLING INTEREST AND RELATED PARTY TRANSACTIONS

Controlling Interest:
All of the outstanding stock of the Company are owned 50/50 by two individuals.

Related Party Transactions:
PAINT Nail Bar, LLC an entity wholly owned by the Company's stockholders, makes payments on behalf of the Company for costs and expenses incurred in the ordinary course of business. Amounts owed by the Company under this arrangement totaled $-0- at December 31, 2023, 2022 and 2021, respectively.

The Company pays expenses on behalf of PAINT Nail Bar, LLC which are shown as amounts due from related party on the associated balance sheet. The advances were non-interest bearing, due on demand, and are expected to be paid during 2024. These amounts totaled $806,640, $841,225 and $133,695, at December 31, 2023, 2022 and 2021, respectively.

The Company pays expenses on behalf of the stockholders, which are shown as amounts due from stockholders on the associated balance sheet. The advances were non-interest bearing, due on demand, and are expected to be paid during 2024. These amounts totaled $152,894, $65,194 and $-0- as of December 31, 2023, 2022 and 2021, respectively.

Additionally, Primers by Paint, which opened in 2021, an entity majority-owned by the Company's stockholders, makes payments on behalf of the Company for costs and expenses incurred in the ordinary course of business. Amount owed to the Company under this arrangement totaled $3,693 as of December 31, 2023. Amount owed by the Company under this arrangement totaled, $-0- and $6,406 at December 31, 2022 and 2021, respectively.

NOTE C – COMMITMENTS AND CONTINGENCIES

At December 31, 2023, 2022 and 2021, the Company had 7, 8 and 9 franchise agreements, respectively, for new stores that are being developed and have not yet opened.

NOTE D – OPERATING LEASES

The Company has entered into a lease arrangement under which the Company is the lessee and has elected the short-term lease practical expedient related to the lease. The lease requires rental payments of $2,185 a month during 2023 and 2022 and $1,950 a month 2021. In 2023, the lease was extended thru December 31, 2024 at a monthly rate of $2,550. In September 2024, the lease was renewed thru December 31, 2026 at a monthly rate of $2,626 in 2025 and $2,705 in 2026.

During 2023, 2022 and 2021, the company recognized rent expense associated with the lease as follows:

Operating lease cost:

	2023	2022	2021
Operating expenses– Rent	$ 24,810	$ 24,810	$ 20,725

During the years ended December 31, 2022 and 2021, we had the following cash activities associated with our leases:

	2023	2022	2021
Operating cash flows from operating leases	$ 23,400	$ 26,220	$ -0-
ROU assets obtained in exchange for new operating lease liabilities	$ 48,264	$ 48,264	$ -0-
Weighted-average remaining lease term in years for operating lease	1.00	1.00	-0-

The future payments due under the operating lease as of December 31, 2023 are as follows:

2024	$30,600
2025	31,512
2026	32,464
Total undiscounted cash flows	94,576
Less: present value discount	1,815
Total lease liabilities	**$92,761**

NOTE E – SUBSEQUENT EVENTS

Management evaluated all activity of the Company through August 28, 2024, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes, except as described below.

As of August 28, 2024, one additional franchises that was sold by the Company in 2023 has opened.

Paint Nail Bar Franchise Company

Profit and Loss

January - October, 2024

	TOTAL
Income	
4000 Sales	247,943.19
4060 Refunds-Allowances	-216.00
4150 Technology Fee	161,012.01
4240 Product Rebate Income	-1,450.00
4305 Table Sales	4,363.20
4500 Royalties	874,758.37
4510 Franchise Fee Income	130,552.24
4511 Transfer Fee Income	-15,000.00
Total 4510 Franchise Fee Income	**115,552.24**
Total Income	**$1,401,963.01**
Cost of Goods Sold	
5200 Cost of Goods Sold	2,740.12
5230 Supplies & Materials - COGS	12,892.31
5400 Other Costs - COS	16,250.00
Total Cost of Goods Sold	**$31,882.43**
GROSS PROFIT	**$1,370,080.58**
Expenses	
6000 Accounting Fees	44,013.31
6005 Advertising & Promotion	38,964.67
6010 Auto	302.11
6011 Fuel	7,528.44
Total 6010 Auto	**7,830.55**
6015 Bank Charges	1,980.53
6030 Charitable Contributions	159.50
6040 Commissions & fees	-10,946.20
6050 Computer and Software	8,634.38
6060 Consultant	62,297.70
6070 Credit Card Fees	60,463.44
6080 Dues & Subscriptions	150,435.62
6140 Insurance	46,826.23
6145 Insurance - Disability	-797.30
6300 Legal & Professional Fees	200,984.88
6310 Meals	3,455.17
6350 Office Expenses	8,760.85
6400 Payroll Wages	119,094.53
6405 Officer Wages	153,846.00
6410 Independent Contractor (ADP)	21,153.88
6415 Bonuses	2,400.00
6420 Employee Benefits	2,108.56
6430 Payroll Taxes	21,866.01
6440 Payroll Processing Fees	1,158.89

These Financial Statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

Paint Nail Bar Franchise Company

Profit and Loss

January - October, 2024

	TOTAL
6450 Postage and Delivery	309.34
6500 Rent or Lease	21,000.00
6510 Repair & Maintenance	30,470.05
6520 Shipping and delivery expense	1,098.95
6600 Subcontractors	1,000.00
6610 Supplies	16,282.99
6620 Taxes & Licenses	2,739.50
6650 Travel	22,328.66
6670 Utilities	13,402.24
9999 Ask My Accountant	257,223.60
Total Expenses	**$1,310,546.53**
NET OPERATING INCOME	**$59,534.05**
Other Income	
Credit Card Rewards	425.97
Total Other Income	**$425.97**
NET OTHER INCOME	**$425.97**
NET INCOME	**$59,960.02**

These Financial Statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

Paint Nail Bar Franchise Company

Balance Sheet

As of October 31, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1010 Truist	-86.11
Total Bank Accounts	**$ -86.11**
Accounts Receivable	
1200 Accounts Receivable	138,541.31
Total Accounts Receivable	**$138,541.31**
Other Current Assets	
1300 Due to/from Paint Nail Bar	841,036.95
Total Other Current Assets	**$841,036.95**
Total Current Assets	**$979,492.15**
Other Assets	
1710 Security Deposit	2,000.00
Total Other Assets	**$2,000.00**
TOTAL ASSETS	**$981,492.15**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable (A/P)	2,819.99
Total Accounts Payable	**$2,819.99**
Credit Cards	
2100 Divvy	1,237.81
Total Credit Cards	**$1,237.81**
Other Current Liabilities	
2201 Due to/from PRIMERS by Paint	-3,692.68
2202 Due to/from Schlossbergsmiles	-178,309.72
2400 Deferred Franchise Income	1,396,814.11
2600 Accrued Payroll	3,912.65
2700 Franchisee Other Current Liabilities	15,400.00
Total Other Current Liabilities	**$1,234,124.36**
Total Current Liabilities	**$1,238,182.16**
Total Liabilities	**$1,238,182.16**
Equity	
3100 Partner Distribution Mark and Michele	-209,290.19
3200 Capital Accounts	
3205 Mark Schlossberg	-53,679.92
3210 Michele Schlossberg	-53,679.92
Total 3200 Capital Accounts	**-107,359.84**

These Financial Statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

Paint Nail Bar Franchise Company

Balance Sheet

As of October 31, 2024

	TOTAL
3900 Retained Earnings	0.00
Net Income	59,960.02
Total Equity	**$ -256,690.01**
TOTAL LIABILITIES AND EQUITY	**$981,492.15**

These Financial Statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

EXHIBIT E TO THE DISCLOSURE DOCUMENT

FORM OF GENERAL RELEASE

WAIVER AND RELEASE OF CLAIMS

THIS WAIVER AND RELEASE OF CLAIMS (the "**Release**") is made as of _____, 20___ by _____, a(n) _____ ("**Franchisee**"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "**Releasor**") in favor of PAINT NAIL BAR FRANCHISE COMPANY, LLC, a Florida limited liability company ("**Franchisor**," and together with Releasor, the "**Parties**").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "**Agreement**") pursuant to which Franchisee was granted the right to own and operate a PAINT Nail Bar® Salon;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, **[enter into a successor franchise agreement]** and Franchisor has consented to such transfer **[agreed to enter into a successor franchise agreement]**; and

WHEREAS, as a condition to Franchisor's consent to the transfer **[Franchisee's ability to enter into a successor franchise agreement]**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer **[Franchisor entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. Releasor represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "**Released Parties**"), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except for any claims arising from representations made in the Franchise Disclosure Document furnished to Franchisee prior to entering into the Agreement..

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____ , a

_____

By: _____
Name: _____
Its: _____

RELEASORS:

_____

Name: _____
Date: _____

_____

Name: _____
Date: _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____, 20___. , by _____, who is personally known to me or has produced _____ as identification.

_____
Signature of Notary
My Commission Expires: _____

EXHIBIT F TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA AND RIDERS

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
PAINT NAIL BAR FRANCHISE COMPANY, LLC
STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

The following paragraphs are added to the Disclosure Document:

> 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.
>
> THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

The Franchise Compliance Certificate is not applicable in California. The

following paragraph is added to Item 5 of the disclosure document:

> Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.
>
> Payment of the initial fees for the Multi-Unit Agreement is deferred until our obligations to you are complete and the first outlet is open.

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Florida with certain exceptions. These provisions may not be enforceable under California law.

Liquidated Damages. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

RIDER TO
PAINT NAIL BAR FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA

This Rider is entered into this _____, 20__ (the "**Effective Date**"), between **PAINT NAIL BAR FRANCHISE COMPANY, LLC**, a Florida limited liability company ("**we**," "**us**," "**our**" or "**Franchisor**"), and _____, a _____ ("**you**," "**your**" or "**Franchisee**"), and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement. This rider is being signed because (a) the offer or sale of the franchise for the PAINT Nail Bar® Salon Business that you will operate under the Franchise Agreement was made in the State of California and the PAINT Nail Bar® Salon Business will be located in California, and/or (b) you are a resident of California.

2. **Initial Fees**. The payment of initial franchise fees and any payments due us for the Establishment Package are deferred until the Franchisor has performed all initial obligations owed the Franchisee and the Franchisee has commenced doing business. This financial assurance requirement is imposed by the California Department of Financial Protection And Innovation based on our financial condition.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

FRANCHISOR:	**FRANCHISEE:**
PAINT NAIL BAR FRANCHISE COMPANY, LLC	_____ Name of Franchisee
By:_____ Name:_____ Title:_____ Date:_____	By:_____ Name:_____ Title:_____ Date:_____

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
PAINT NAIL BAR FRANCHISE COMPANY, LLC
STATE OF ILLINOIS

The following is added to the disclosure document:

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The following is added to Item 5:

The payment of initial franchise fees and any payments due us for the Establishment Package are deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement dur to our financial condition.

The following is added to Item 17:

Illinois law governs the franchise agreement(s).

Section 4 of the Illinois Franchise Disclosure Act states that any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

RIDER TO
PAINT NAIL BAR FRANCHISE COMPANY, LLC FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

This Rider is entered into this _____, 20__ (the "**Effective Date**"), between **PAINT NAIL BAR FRANCHISE COMPANY, LLC**, a Florida limited liability company ("**we**," "**us**," "**our**" or "**Franchisor**"), and _____, a _____ ("**you**," "**your**" or "**Franchisee**"), and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement. This rider is being signed because (a) the offer or sale of the franchise for the PAINT Nail Bar® Salon Business that you will operate under the Franchise Agreement was made in the State of California and the PAINT Nail Bar® Salon Business will be located in California, and/or (b) you are a resident of California.

2. **Initial Fees**. The payment of initial franchise fees and any payments due us for the Establishment Package are deferred until the Franchisor has performed all initial obligations owed the Franchisee and the Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement dur to our financial condition.

3. **Termination**. The following is added to Section 12 of the Agreement:

> The conditions under which this franchise can be terminated and a franchisee's rights upon nonrenewal are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

4. **Governing Law and Jurisdiction**. Sections 15.7 and 15.8 of the Agreement are amended by adding the following:

> Illinois law governs the franchise agreement(s). Section 4 of the Illinois Franchise Disclosure Act states that any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

5. **Waiver of Jury Trial**. Section 15.9 of the Agreement is deleted in its entirety.

6. **No Waiver**. Be advised that any condition, stipulation, or provision purporting to bind any person requiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Law or any other law of Illinois is void.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

FRANCHISOR:	**FRANCHISEE:**
PAINT NAIL BAR FRANCHISE COMPANY, LLC	_____ Name of Franchisee
By:_____ Name:_____ Title:_____ Date:_____	By:_____ Name:_____ Title:_____ Date:_____

RIDER TO
PAINT NAIL BAR FRANCHISE COMPANY, LLC AREA
DEVELOPMENT ADDENDUM
FOR USE IN ILLINOIS

This Rider is entered into this _____, 20__ (the "**Effective Date**"), between **PAINT NAIL BAR FRANCHISE COMPANY, LLC**, a Florida limited liability company ("**we**," "**us**," "**our**" or "**Franchisor**"), and _____, a _____ ("**you**," "**your**" or "**Franchisee**"), and amends the Area Development Addendum between the parties dated as of the Effective Date (the "**Addendum**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Addendum. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Addendum. Terms not otherwise defined in this Rider have the meanings as defined in the Addendum. This rider is being signed because (a) the offer or sale of the franchise for the PAINT Nail Bar® Salon Business that you will operate under the Franchise Addendum was made in the State of California and the PAINT Nail Bar® Salon Business will be located in California, and/or (b) you are a resident of California.

2. **Initial Fees**. The payment of development fee and any payments due us are deferred until the Franchisor has performed all initial obligations owed the Developer and the Developer has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement dur to our financial condition.

3. **Termination**. The following is added to Section 6 of the Addendum:

The conditions under which this franchise can be terminated and a franchisee's rights upon nonrenewal are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

4. **Governing Law and Jurisdiction**. The following paragraph is added to the Addendum:

Illinois law governs the franchise agreement(s). Section 4 of the Illinois Franchise Disclosure Act states that any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

6. **No Waiver**. Be advised that any condition, stipulation, or provision purporting to bind any person requiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Law or any other law of Illinois is void.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Addendum Date, regardless of the actual date of signature.

FRANCHISOR:	**DEVELOPER:**
PAINT NAIL BAR FRANCHISE COMPANY, LLC	_____ Name of Developer
By:_____ Name:_____ Title:_____ Date:_____	By:_____ Name:_____ Title:_____ Date:_____

ADDENDUM TO THE
PAINT NAIL BAR FRANCHISE COMPANY, LLC
MARYLAND DISCLOSURE DOCUMENT

The following is added to the disclosure document:

The Franchise Compliance Certificate is not applicable in Maryland

1. Item 5 is amended by adding the following language:

   Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by the franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the area development addendum opens.

2. Item 17 is amended by adding the following language after the table:

   (a) Any General Release required as a condition of renewal, sale and/or assignment or transfer does not apply to any liability under the Maryland Registration and Disclosure Law.

   (b) You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

   (c) The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.)

   (d) The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation state 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.

RIDER TO
PAINT NAIL BAR FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT FOR
USE IN MARYLAND

This Rider is entered into this _____, 20____ (the "**Effective Date**"), between **PAINT NAIL BAR FRANCHISE COMPANY, LLC**, a Florida limited liability company ("**we**," "**us**," "**our**" or "**Franchisor**"), and _____, a _____("**you**," "**your**" or "**Franchisee**"), and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Initial Fees**. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by the franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the area development addendum opens.

3. **Acknowledgements.** Section 1.2 of the Franchise Agreement is deleted in its entirety.

4. **No Release, Estoppel or Waiver of State Law**. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. **Jurisdiction**. Any litigation arising on claims under Maryland Law may be brought by the Franchisee in Maryland.

6. **Limitation on Claims**. Nothing in this Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under Maryland Law. All claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.

7. **General Release**. Any General Release required as a condition of renewal, sale and/or assignment or transfer does not apply to any liability under the Maryland Registration and Disclosure Law.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISOR:	**FRANCHISEE:**
PAINT NAIL BAR FRANCHISE COMPANY, LLC	_____ Name of Franchisee
By:_____ Name:_____ Title:_____ Date:_____	By:_____ Name:_____ Title:_____ Date:_____

RIDER TO
PAINT NAIL BAR FRANCHISE COMPANY, LLC
AREA DEVELOPMENT ADDENDUM FOR
USE IN MARYLAND

This Rider is entered into this _____, 20____ (the "**Effective Date**"), between **PAINT NAIL BAR FRANCHISE COMPANY, LLC**, a Florida limited liability company ("**we**," "**us**," "**our**" or "**Franchisor**"), and _____, a _____("**you**," "**your**" or "**Developer**"), and amends the Area Development Addendum between the parties dated as of the Effective Date (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Initial Fees**. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the area development addendum opens.

3. **No Release, Estoppel or Waiver of State Law**. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. **Jurisdiction**. Any litigation arising on claims under Maryland Law may be brought by the Franchisee in Maryland.

5. **Limitation on Claims**. Nothing in this Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under Maryland Law. All claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.

6. **General Release**. Any General Release required as a condition of renewal, sale and/or assignment or transfer does not apply to any liability under the Maryland Registration and Disclosure Law.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISOR:	**DEVELOPER:**
PAINT NAIL BAR FRANCHISE COMPANY, LLC	_____ Name of Franchisee
By:_____ Name:_____ Title:_____ Date:_____	By:_____ Name:_____ Title:_____ Date:_____

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR PAINT
NAIL BAR FRANCHISE COMPANY, LLC
FOR USE IN MINNESOTA

The following is added to the disclosure document:

The Franchise Compliance Certificate is not applicable in Minnesota

1. Items 5 and 7 are amended to add the following:

   The State of Minnesota has imposed a deferral condition on us. Therefore, no fees are payable by you to us until all of our pre-opening obligations are completed and your Salon has opened for business.

2. Item 17, summary column for (f) is amended to add the following:

   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. Item 17, summary column for (m) is amended to add the following:

   Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

4. Item 17, summary columns for (v) and (w) are amended to add the following:

   Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statues, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

RIDER TO
PAINT NAIL BAR FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT

FOR USE IN MINNESOTA

This Rider is entered into this _____, 20__ (the "**Effective Date**"), between **PAINT NAIL BAR FRANCHISE COMPANY, LLC**, a Florida limited liability company ("**we**," "**us**," "**our**" or "**Franchisor**"), and _____, a _____ ("**you**," "**your**" or "**Franchisee**"), and amends the Franchise Agreement between the parties dated as of the Effective Date (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement. This rider is being signed because (a) the offer or sale of the franchise for the PAINT Nail Bar® Salon Business that you will operate under the Franchise Agreement was made in the State of Minnesota and the PAINT Nail Bar® Salon Business will be located in Minnesota, and/or
(b) you are a resident of Minnesota.

2. **Initial Fees**. The State of Minnesota has imposed a deferral condition on us. Therefore, no fees are payable by you to us until all of our pre-opening obligations are completed and your Salon has opened for business.

2. **Transfer**. Section 9 of the Agreement is amended to add the following:

   Our consent to the transfer of the franchise will not be unreasonably withheld.

3. **Expiration of this Agreement**. Section 11 of the Agreement is amended to add the following:

   With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, subds. 3, 4, and 5, which require, except in certain specified cases, that you be given 180 days' notice of non-renewal of the Franchise Agreement.

4. **Termination**. Section 12 of the Agreement is amended to add the following:

   With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, subds. 3, 4, and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure).

5. **Consent to Jurisdiction**. The following is added to Section 15.8:

   Minn. Stat. Sec. 80C.21 and Minn. Rules 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or franchise agreement 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. **Waiver of Punitive Damages and Jury Trial**. Section 15.9 is deleted in its entirety.

7. **Limitation of Claims**. Section 15.10 is amended to add the following:

No action may be commenced for claims coming under Minnesota Law more than 3 years after the cause of action accrues.

9. **Injunctive Relief**. The Franchisee does not consent to the Franchisor obtaining injunctive relief for any matters coming under Minnesota Law; but the Franchisor may seek such injunctive relief.

10. **General Release**. Pursuant to Minn. Rule 2860.4400D the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Minnesota Franchise Act.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

FRANCHISOR:	**FRANCHISEE:**
PAINT NAIL BAR FRANCHISE COMPANY, LLC	_____ Name of Franchisee
By:_____ Name:_____ Title:_____ Date:_____	By:_____ Name:_____ Title:_____ Date:_____

ADDENDUM TO THE
PAINT NAIL BAR FRANCHISE COMPANY, LLC
VIRGINIA DISCLOSURE DOCUMENT

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.

Item 5 is amended by adding the following language:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre- opening obligations under the Franchise Agreement.

Item 17(h) is amended to add the following language:

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 grounds for default or termination stated in the franchise 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.

RIDER TO
PAINT NAIL BAR FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT

FOR USE IN VIRGINIA

This Rider is entered into this _____, 20__ (the "**Effective Date**"), between **PAINT NAIL BAR FRANCHISE COMPANY, LLC,** a Florida limited liability company, with its principal business address at 1432 First Street, Sarasota, Florida 34236 ("**we**," "us" or "**our**"), and _____ _____, a _____ whose principal business address is _____ _____ ("**you**" or "y**our**") and amends the Franchise Agreement between the parties dated as of the Effective Date, (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Initial Fees**. The following is added to Section 3.1 of the Agreement: The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees until we have completed our pre- opening obligations under the Franchise Agreement.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

"US"	**"YOU"**
PAINT NAIL BAR FRANCHISE COMPANY, LLC	
By:_____	_____
Name:_____	Name:_____
Title:_____	Date:_____
Date:_____	

RIDER TO
PAINT NAIL BAR FRANCHISE COMPANY, LLC AREA DEVELOPMENT ADDENDUM

FOR USE IN VIRGINIA

This Rider is entered into this _____, 20__ (the "**Effective Date**"), between **PAINT NAIL BAR FRANCHISE COMPANY, LLC,** a Florida limited liability company, with its principal business address at 1432 First Street, Sarasota, Florida 34236 ("**we**," "us" or "**our**"), and _____ _____, a _____ whose principal business address is _____ _____ ("**you,**" "**your**" or "**Developer**") and amends the Area Development Addendum between the parties dated as of the Effective Date, (the "**Addendum**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Addendum. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Addendum.

2. **Initial Fees**. The following is added to Section 3.1 of the Agreement: The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development owed by franchisees until the franchisor has completed our pre-opening obligations under the Area Development Addendum.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Addendum Date, regardless of the actual date of signature.

"US"	**"YOU"**
PAINT NAIL BAR FRANCHISE COMPANY, LLC	
By:_____	_____
Name:_____	Name:_____
Title:_____	Date:_____
Date:_____	

EXHIBIT G TO THE DISCLOSURE DOCUMENT

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EXHIBIT H TO THE DISCLOSURE DOCUMENT

FORM OF PRINCIPAL
OWNER'S GUARANTY

PRINCIPAL OWNER'S GUARANTY

This Guaranty must be signed by the principal owners (referred to as "**you**" for purposes of this Guaranty only) of ____ _____ (the "**Business Entity**") under the Franchise Agreement dated _____, 20___ and any Promissory Note for the Initial Franchise Fee, or otherwise (collectively, the "**Agreement**") with **PAINT NAIL BAR FRANCHISE COMPANY, LLC** ("**us**," or "**our**" or "**we**").

1. **Scope of Guaranty**. In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

2. **Waivers**. Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements**. Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

4. **Enforcement Costs**. If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness**. Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Florida law and we may enforce our rights regarding it in the courts of Sarasota, Florida. Each of you irrevocably submits to the jurisdiction and venue of such courts.

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY	**GUARANTORS**
_____	_____ Print Name: _____ Date: _____
_____	_____ Print Name: _____ Date: _____
_____	_____ Print Name: _____ Date: _____

EXHIBIT I TO THE DISCLOSURE DOCUMENT

FORM OF PRINCIPAL
OWNER'S STATEMENT

PRINCIPAL OWNER'S STATEMENT

This form must be completed by the Franchisee Entity ("**Franchisee**") if Franchisee has multiple owners or if Franchisee is owned by another/other business organization (such as a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to Franchisee.

1. **Form of Owner**. Franchisee is a (check one):

(a)	General Partnership	☐
(b)	Corporation	☐
(c)	Limited Partnership	☐
(d)	Limited Liability Company	☐
(e)	Other	☐
	Specify: _____	

2. **Business Entity.** Franchisee was incorporated or formed on _____, _____ *(date)*, under the laws of the State of _____. Franchisee has not conducted business under any name other than this corporation, limited liability company or partnership name and _____ *(Entity Name)* . The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) relative to Franchisee and their positions are listed below:

Name of Person	Position(s) Held

3. **Owners**. The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address	Description of Interest	% of Ownership

3. **Governing Documents**. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization of Franchisee (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Owner's Statement is current and complete as of _____, 20__.

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____
Date: _____

OWNERS:

Individuals:

_____
(Signature)

_____
(Print Name)
Date: _____

_____
(Signature)

_____
(Print Name)
Date: _____

_____
(Signature)

_____
(Print Name)
Date: _____

_____
(Signature)

_____
(Print Name)
Date: _____

Corporation, Limited Liability Company or Partnership:

_____
(Name of Entity)

By: _____
Name: _____
Title: _____
Date: _____

_____
(Name of Entity)

By: _____
Name: _____
Title: _____
Date: _____

_____
(Name of Entity)

By: _____
Name: _____
Title: _____
Date: _____

_____
(Name of Entity)

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT J TO THE DISCLOSURE DOCUMENT

FORM OF CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS INTERNET ADDRESSES

CONDITIONAL ASSIGNMENT OF
TELEPHONE NUMBERS AND LISTINGS AND INTERNET ADDRESSES

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS AND INTERNET ADDRESSES (this "**Assignment**") is effective as of _____, 20__, between **PAINT NAIL BAR FRANCHISE COMPANY, LLC**, a Florida limited liaibility company with its principal place of business at 1432 First Street, Sarasota, Florida 34236 ("**we**," "**us**" or "**our**") and _____ _____, whose current place of business is _____ ("**you**" or "**your**"). You and we are sometimes referred to collectively as the "**parties**" or individually as a "**party.**"

BACKGROUND INFORMATION:

We have simultaneously entered into the certain Franchise Agreement (the "**Franchise Agreement**") dated as of _____, 20___ with you, pursuant to which you plan to own and operate a PAINT Nail Bar® Salon (the "**Salon**" or "**Salons**"). The Salons use certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the "**System**"). We identify PAINT Nail Bar® Salons and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the "**Marks**"). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings and internet addresses of the Salon if the Franchise Agreement is terminated.

OPERATIVE TERMS:

You and we agree as follows:

1. **Background Information**: The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.

2. **Conditional Assignment**: FOR VALUE RECEIVED, Franchisee assigns to Franchisor: (a) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Telephone Numbers and Listings**"); and (b) those certain Internet website addresses ("**URLs**") associated with Franchisor's trade and service marks and used from time to time in connection with the operation of the PAINT Nail Bar® Salon at the address provided above. This Assignment is for collateral purposes only and, except as specified in this Assignment, Franchisor has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor notifies the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "**Telephone Company**") and/or Franchisee's Internet service provider ("**ISP**") to effectuate the Assignment pursuant to its terms.

Upon termination or expiration of the Franchise Agreement (without extension) for any reason, Franchisor has the right and is empowered to effectuate the assignment of the Telephone Numbers and Listings and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings and the URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment.

3. **Power of Attorney**: Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Telephone Numbers and Listings and the URLs, and Franchisee irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor, Franchisor shall direct the Telephone Company and the 1SP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings and the URLs upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

4. **Indemnification**: You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the "**Indemnified Parties**") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company and/or ISP.

5. **Binding Effect**: This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. **Assignment to Control**: This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company and/or ISP.

7. **Attorney's Fees, Etc.**: In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "**attorneys' fees**" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. **Severability**: If any of the provisions of this Assignment or any section or subsection of this Assignment are held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law and Forum**: This Assignment is governed by Florida law. The parties will not institute any action against any of the other parties to this Assignment except in the state or federal courts of general jurisdiction in Sarasota, Florida, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

ASSIGNOR:

_____

By:_____
Print Name:_____
Title:_____
Date:_____

By:_____
Print Name:_____
Date:_____

By:_____
Print Name:_____
Date:_____

ASSIGNEE:

PAINT NAIL BAR FRANCHISE COMPANY, LLC

By:_____
Print Name:_____
Title:_____
Date:_____

EXHIBIT K TO THE DISCLOSURE DOCUMENT

FORM OF CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT

CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT

THIS CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT (this "**Agreement**") is effective as of _____, 20____, between _____ _____(the "**Franchisee**," "**we**," "**us**" or **our**") and _____ _____ ("**you**" or "**your**").

BACKGROUND INFORMATION:

We have entered into a Franchise Agreement (the "**Franchise Agreement**") with **PAINT NAIL BAR FRANCHISING, LLC** (the "**Franchisor**") to operate a PAINT Nail Bar® Salon franchise (the "**Salon**" or "**Salons**"). The Salon is operated pursuant to formats, specifications, standards, methods and procedures prescribed or approved by the Franchisor (the "**System**"). We and the Franchisor possess certain confidential information, consisting of specifications, plans and other characteristics of products and services provided, the Computer System, Intranet database and information, and business operating techniques, criteria methods in obtaining licensing and meeting regulatory requirements, designing and constructing Salons, the selection, testing and training of personnel and other employees, and the formats, specifications, standards, methods, procedures, information, and knowledge of and experience in the operating and franchising of PAINT Nail Bar® Salons, which we either own or license (the "**Confidential Information**").

You understand that the System and Confidential Information are the Franchisor's proprietary trade secrets and confidential. You acknowledge that we and the Franchisor have and will provide you with specialized and extensive training regarding operation of the Salon and have invested considerable time, funds and resources to do so. We have an obligation under the Franchise Agreement to maintain such Confidential Information as secret and confidential. You represent to us and the Franchisor that you have other skills that you can utilize if, for any reason, your relationship with us ends.

OPERATIVE TERMS:

Accordingly, you and we agree as follows:

1. **Confidentiality**. You will: (i) not use the Confidential Information in any other business or capacity; (ii) maintain the absolute confidentiality of the Confidential Information during and after the term of your ownership in, or employment by us; (iii) not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (iv) comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

2. **In-Term Competitive Restrictions**. During the time that you are one of our owners or employees, unless we otherwise permit in writing or except in accordance with another franchise agreement with us, you agree that you will not, directly or indirectly (e.g., through a spouse, child or other immediate family member):

(a) have any direct or indirect interest as a disclosed or beneficial owner, or in any other capacity any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any salon, shop, Salon, studio or any other similar facility that offers or provides products and/or services that are the same or similar to a PAINT Nail Bar® Salon (other than a PAINT Nail Bar® Salon operated under a franchise agreement with us) (a "**Competitive Business**"), (i) anywhere; (ii) within the Territory; (iii) within any geographic territory that we have assigned to any one of our other PAINT Nail Bar® Salons, employees, or Franchisees, or in which we directly operate, market or sell; (iv) via the Internet or other form of e-commerce, wherever located; or (v) within 5 miles of any geographic area that we have awarded to any other PAINT Nail Bar® Salons;

(b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located;

(c) recruit or hire any employee of ours, of the Franchisor, of our or its affiliates, or of any of the Franchisor's franchisees, without obtaining the prior written permission of that person's employer; or

(d) divert or attempt to divert any business or customer of the Salon to any Competitive Business.

Nothing in this Section prohibits you from having a direct or indirect interest as a disclosed or beneficial owner in a publicly held Competitive Business, as long as such securities represent less than 5% of the number of shares of that class of securities which are issued and outstanding.

3. **Post-Term Competitive Restrictions**. For a period of 2 years following the date that you cease to be one of our owners or an employee, you agree that you will not, directly or indirectly (e.g., through a spouse, child or other immediate family member):

(a) have any direct or indirect interest as an owner whether of record, beneficially or otherwise perform or engage in services as a director, officer, manager, employee, consultant, representative, or agent for, a Competitive Business (this restriction shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the- counter market that represent less than 3% of the number of shares of that class of securities issued and outstanding);

(b) directly recruit or solicit for hire any of our employees or the employees of any PAINT Nail Bar® Salon without obtaining our or the employer's prior written permission (general advertising or solicitation directed to the public in general is not restricted;

(c) direct any prospective or existing business or economic opportunities away from us, our Affiliate, the Salon or any other PAINT Nail Bar® Salon to a Competitive Business; or

(d) perform any act prejudicial or injurious to the goodwill associated with the Marks.

If you refuse to voluntarily comply with the foregoing obligations, the 2-year period will be extended by the period of noncompliance. Nothing in this Section prohibits you from having a direct or indirect interest as a disclosed or beneficial owner in a publicly held Competitive Business, as long as such securities represent less than 5% of the number of shares of that class of securities which are issued and outstanding.

4. **Severability and Substitution**. To the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, length of time or remedy, but may be made enforceable by reduction, adjustment or modification of any or all thereof, you and we agree that this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the jurisdiction in which enforcement is sought, and such reduced or modified provision will be enforced to the fullest extent.

5. **Acquisition**. You agree that the confidentiality, competitive, and employment undertakings and restrictions survive any change in our ownership, any merger or consolidation, any sale of our assets, and any assignment or transfer of this Agreement.

6. **Extension of Time Period**. The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which

you or any of your affiliates, successors or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

7. **Suspension of Compensation**. We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

8. **No Defense or Setoff**. You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

9. **Injunctive Relief**. You and we agree that the breach of this Agreement will result in irreparable harm to us and the Franchisor, and that no monetary award can fully compensate us if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us at equity or law.

10. **Miscellaneous**.

(a) **Complete Agreement**: This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment**: A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative**: No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

(d) **Certain Definitions**: As used throughout this Agreement, the following terms have the following meanings:

(i) The term "**person**" means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other business entity or enterprise or any natural person;

(ii) The term "**affiliate**" means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such person, and includes any subsidiaries or other business entities that are beneficially owned by such person or its affiliates;

(iii) The term "**attorney's fees**" means any and all charges levied by an attorney for his services, including time charges, expenses and other reasonable fees including paralegal fees and legal assistant fees, and includes fees earned in settlement, at trial, on appeal or in bankruptcy proceedings.

(e) **Governing Law**: This Agreement is governed by the laws of the State of Florida. The prevailing party in any litigation involving this Agreement must be reimbursed its attorney's fees from the non-prevailing party.

(f) **Third-Party Beneficiary**: The parties understand and acknowledge that the Franchisor is a third-party beneficiary of the terms of this Agreement and, at its option, may enforce the provisions of this Agreement with you. Your obligations under this Agreement will continue for the benefit of our and the Franchisor's successors and assigns.

(g) **Background Information**: The background information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the background information.

Intending to be bound, the parties sign below:

"US":	**"YOU":**
_____	
Signature:_____	Signature:_____
Print Name:_____	Print Name:_____
Title_____	Title_____
Date:_____	Date:_____

EXHIBIT L TO THE DISCLOSURE DOCUMENT

LEASE ADDENDUM

LEASE ADDENDUM

LEASE PROVISIONS FOR PAINT NAIL BAR® SALONS:

The following provisions must be inserted into your lease for your Salon that you will operate under the "Paint Nail Bar®" brand (the "**Lease**"). You may add this language via a rider or addendum to your Lease, as long as the rider or addendum document is signed by both Tenant and the Landlord. Please send us a copy of the signed Lease, along with any riders or addenda.

REQUIRED LANGUAGE:

A. Landlord hereby consents to Tenant's displaying the "Paint Nail Bar®" Marks and signs at the Salon according to the system standards of Paint Nail Bar Franchise Company, LLC ("Franchisor") set forth in the Franchise Agreement between Tenant and Franchisor (the "Franchise Agreement"), as Franchisor periodically modifies them, to the extent those standards comply with applicable law. A copy of the Franchisor's signage standards are attached to this Addendum as Exhibit "A."

B. Landlord shall send to Franchisor copies of all default notices, and all notices of Landlord's intent to terminate the Lease (or any rights of Tenant thereunder) or evict Tenant from the leased premises, simultaneously with sending such notices to Tenant. Such copies shall be sent to:

PAINT NAIL BAR FRANCHISE COMPANY, LLC
1432 First Street
Sarasota, FL 34236
Phone: (941) 366-8989
Fax: (423) 456-7890

C. Landlord shall provide Franchisor at least 30 days' prior written notice before Landlord terminates the Lease (or any rights of Tenant thereunder) or evicts Tenant from the leased premises. During such 30-day period, Franchisor shall have the right, but not the obligation, to cure any defaults of Tenant under the Lease. If Franchisor cures such defaults, then such notice from Landlord shall be void and of no force or effect.

D. Upon the occurrence of any of the following:

(1) a default by Tenant under the Lease, the Franchise Agreement, or any document or instrument securing or relating to the Franchise Agreement, or

(2) the termination of the Franchise Agreement before its term expires by Franchisor or Tenant for any reason other than a default by Franchisor,

Franchisor shall have the right (but no obligation), exercisable upon delivery of written notice to Tenant and Landlord, to compel an assignment of the Lease, and all of Tenant's rights thereunder, to Franchisor or to an assignee of Franchisor's choice, at Franchisor's option. If Franchisor (or its assignee) exercises the rights under this paragraph, Tenant shall have no further right, title or interest under the Lease or to the leased premises, but shall remain solely liable to Landlord for all rents, charges and other obligations under the Lease prior to the date upon which Franchisor (or its assignee) assumes possession of the leased premises.

E. Landlord shall cooperate with Franchisor or any designee thereof (at Paint's option) in the removal from the leased premises of any trademarks, service marks, and proprietary systems and information related to the "Paint Nail Bar®" brand upon the termination or expiration of the Franchise Agreement.

F. Landlord shall give Franchisor access to Landlord's information of Tenant's records relating to Tenant's performance of its obligations under the Lease, including but not limited to Tenant's Lease payment records.

G. Franchisor is an intended third party beneficiary under the provisions set forth above with independent rights to enforce them and neither Landlord nor Tenant may alter or limit any of those provisions without Franchisor's prior written approval.

EXHIBIT A TO

LEASE ADDENDUM

PAINT NAIL BAR® SALON
SIGNAGE STANDARDS

EXHIBIT M TO THE DISCLOSURE DOCUMENT

LENDER CONSENT

LENDER CONSENT

DATE
[INSERT ADDRESS BLOCK]

Re Loan to _____

Dear _____:

You have advised us that _____ ("**Franchisee**") has applied for a loan an aggregate principal amount not to exceed $_____ (the "**Loan**") pursuant to a loan agreement (together with any promissory notes, security agreements, guarantees, forms of UCC-1 Financing Statements, and any other related agreements, documents and instruments, as amended, supplemented or otherwise modified, collectively, the "**Loan Agreement**," a copy of which is attached hereto as Attachment A) between Franchisee and _____ (the "**Lender**"). We understand that the Loan will be secured in part by a lien (the "**Lien**") on some of Franchisee's business assets including, but not limited to, all furniture and fixtures, machinery and equipment, inventory, raw material, work in process, and permits now owned or hereinafter acquired by Franchisee and the products and proceeds thereof (subject to the provisions of this Lender Consent, collectively, the "**Collateral**"), relating to the Franchisee's Salon located at _ and commonly known as Paint Nail Bar (the "**Salon**").

PAINT NAIL BAR FRANCHISE COMPANY, LLC ("**Company**") has entered into the Franchise Agreement attached to this Lender Consent as Attachment B (as amended, supplemented or otherwise modified, collectively, the "**Franchise Agreement**") pursuant to which Franchisee will operate the Salon under the "Paint Nail Bar®" name and other Marks. All capitalized terms not defined herein shall have the meanings set forth in the Franchise Agreement.

Subject to the terms of this Lender's Consent, Company consents to the existence of Lender's Lien on the Collateral. However, notwithstanding the foregoing or anything to the contrary in the Loan Agreement, the Lien does not apply to, and the Collateral shall not include, any direct or indirect, beneficial or legal right or title to, or interest in, (i) the ownership interests in Franchisee, (ii) the Franchise Agreement or any rights of Franchisee thereunder, or (iii) any Company Property (defined below) "**Company Property**" includes all right and title to and interest in and to the following assets, which the parties acknowledge and agree are the sole and exclusive property of Company or its affiliates.

(a) the Marks, all other trademarks, service marks, trade names, logos and other commercial symbols that are associated with or used by the Salon from time to time during the term of the Franchise Agreement, and all related goodwill,

(b) the System Website,

(c) the Manuals and System Standards and all plans, designs and specifications relating to a Salon,

(d) the Innovations, and

(e) the Systems, the Confidential Information and all written or electronic materials provided during any training program or otherwise containing any Confidential Information.

Additionally, Company, Lender and Franchisee agree as follows:

(1) Company and Lender mutually agree to use reasonable efforts to furnish each other, contemporaneously with transmittal to Franchisee, copies of all written notices of default under the Franchise Agreement or the Loan Agreement, as applicable, and Franchisee consents to the providing of

such notices. Each of Company and Lender reserve, in their absolute discretion, the right to determine whether to issue a written notice of default Company's or Lender's failure to provide the other with a copy of any such written notice of default will not affect Company's or Lender's ability to enforce its rights against Franchisee under the Franchise Agreement or the Loan Agreement, as applicable.

(2) Lender shall have the right, but no obligation, in Franchisee's name and on its behalf, to cure any failure of Franchisee to pay amounts owed to Company or its Affiliate under the Franchise Agreement, provided Lender cures any such failure on or before the date which is five (5) days after Company's delivery to Lender of notice of such failure. Any amounts that Lender pays under this Section, and any costs and expenses (including, without limitation, attorneys' fees) that Lender incurs in connection therewith, shall be added to the Loan.

(3) Company shall have the right, but no obligation, in Franchisee's name and on its behalf, to cure any failure of Franchisee under the Loan Agreement, provided Company cures any such failure on or before (a) the last day of the cure period afforded to Franchisee under the Loan Agreement to cure such failure, if any, or (b) 5 days after Lender's delivery to Company of notice of such failure, whichever is later Franchisee shall promptly reimburse Company for all amounts that Company pays under this Section and any costs and expenses (including, without limitation, attorneys' fees) that Company incurs in connection therewith.

(4) In addition to and without limiting Company's rights under this Agreement, upon either Franchisee's default under the Loan Agreement and failure to cure such default within the cure period afforded to Franchisee under the Loan Agreement, if any, or the termination of the Franchise Agreement before its term expires (except in accordance with the Franchise Agreement), Company shall have the right, but not the obligation, upon delivery of written notice to Lender:

(a) to assume Franchisee's obligations under the Loan Agreement, including, without limitation, its obligation to repay the then remaining Loan. If Company exercises its rights under this Section, Lender shall provide Company a reasonable time following its exercise of such rights to cure any then outstanding defaults of Franchisee under the Loan Agreement. To the extent required under the Loan Agreement, Lender hereby consents to any assumption of Franchisee's obligations under the Loan Agreement pursuant to this Section, and Company will execute all necessary documentation to evidence its assumption of all of Franchisee's obligations under the Loan Agreement.

(b) purchase Lender's interest in the Loan and the Loan Agreement on terms acceptable to Company and Lender. If Company exercises its rights under this Section, Lender and Company will execute all necessary documentation to transfer to Company all of Lender's right, title and interest in and to the Loan and the Loan Agreement, including, without limitation, Lender's rights in all Collateral securing the Loan and all of Lender's rights and remedies to proceed against Franchisee with respect to payments made by Company to fulfill Franchisee's obligations under the Loan.

Company may, at its option, assign any or all of its rights and obligations under this Section to a designee, and that designee shall have all of Company's rights and obligations described herein.

(5) By its signature below, Franchisee acknowledges that this Lender Consent was provided to Lender at Franchisee's request and in consideration thereof, Franchisee hereby releases Lender and Company, as well as each of their respective Affiliates, officers, directors, employees, agents, representatives, successors and assigns, of and from any and all actions, causes of action, suits, claims, demands, contingencies, debts, accounts and judgments whatsoever, at law or in equity, whether known or unknown, assuming from the exercise by Lender or Company of any of the rights granted hereunder and the recognition and compliance with such exercise by the other parties hereto.

Notwithstanding anything to the contrary in this Lender Consent or the Loan Agreement, nothing in this Lender Consent constitutes Company's consent to Lender's acquiring any possessory or other rights in the Collateral or otherwise assuming possession of the Salon (for example, through foreclosure or conveyance in lieu of foreclosure) (a "**Foreclosure**"). Any Foreclosure constitutes a Transfer requiring Company's prior written consent pursuant to the Franchise Agreement. If Lender desires to operate the Salon under the Marks following the Foreclosure, then, before the Foreclosure, either (a) Lender and/or Franchisee shall comply with the appropriate provisions of the Franchise Agreement pertaining to Transfers, or (b) Lender shall comply with Company's then current procedures and requirements concerning the grant of new franchises. Nothing in this Lender Consent is a warranty or guaranty, express or implied, that Company will consent to the Transfer or grant a new franchise to Lender (or its designee).

If, at any time after a Foreclosure, Lender decides to sell its interest in the Salon or ownership interest in Franchisee, Lender shall notify Company in a writing that describes the interest proposed to be sold and the terms of the proposed sale. Company shall have a right of first refusal, exercisable at any time within 30 days after Company's receipt of Lender's notice, to acquire such interest on the same terms and conditions as those agreed to between Lender and the prospective buyer.

Nothing in this Lender Consent shall limit Company's ability to enforce any of its rights or remedies under the Franchise Agreement (whether before or after a default thereunder) or applicable law.

Lender agrees and consents that any or all of Company's rights and obligations under this Lender Consent may be assigned to any Affiliate of Company or to any successor or assign of Company under the Franchise Agreement, and that following such assignment, Company will have no liability, contingent or otherwise, hereunder. Company agrees and consents that any or all of Lenders' rights and obligations under this Lender Consent may be assigned to any Affiliate of Lender and that following such assignment, Lender will have no liability, contingent or otherwise, hereunder. This Lender Consent is binding upon the parties hereto and the irrespective permitted successors and assigns and inures to the benefit of the parties hereto and their respective permitted successors and assigns.

All notices, request or demands hereunder shall be in writing and deemed delivered at the time delivered by hand, or 1 business day after being placed in the hands of a nationally recognized commercial counter service for next business day delivery, or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid, and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any notices to Franchisee, at the Salon's address.

THIS LENDER CONSENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE SUBSTANTIVE LAWS OF THE STATE OF FLORIDA WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

This Lender Consent may be executed in any number of counterparts, each of which when executed and delivered, will be deemed an original, but all counterparts together will constitute but one and the same instrument.

Very truly yours,

PAINT NAIL BAR FRANCHISE COMPANY, LLC

AGREED TO AND ACCEPTED this _____ day of _____, 201__.

(Lender)

By _____
Name _____
Title _____

AGREED TO AND ACCEPTED this ____ day of _____, 201__.

(Franchisee)

By _____
Name _____
Title _____

EXHIBIT N

FRANCHISE COMPLIANCE CERTIFICATE

The Franchise Compliance Certificate is not applicable in the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

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FRANCHISE COMPLIANCE CERTIFICATE

Do Not Sign this Questionnaire if you are a resident of Maryland or the business is to be operated in Maryland

As you know PAINT NAIL BAR FRANCHISE COMPANY, LLC ("**we**" or "**us**" or "**our**"), and you are preparing to enter into a Franchise Agreement for the operation of a PAINT Nail Bar® Salon franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes_ No_ l. Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?

Yes_ No_ 2. Did you receive the Franchise Agreement and each ancillary agreement, containing all material terms, at least 7 calendar days before signing any binding agreement with us or an affiliate? (This does not include any mutually agreed upon changes to any agreement.)

Yes_ No_ 3. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes_ No_ 4. Did you receive the Franchise Disclosure Document at least 14 calendar days before signing the Franchise Agreement, this Questionnaire, or any related agreement, or before paying any funds to us or an affiliate related to the franchise sale?

Yes_ No_ 5. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

Yes_ No_ 6. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?

Yes_ No_ 7. Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?

Yes_ No_ 8. Have you discussed the benefits and risks of developing and operating a PAINT Nail Bar® Salon franchise with an existing PAINT Nail Bar® Salon franchisee?

Yes_ No_ 9. Do you understand the risks of developing and operating a PAINT Nail Bar® Salon franchise?

Yes_ No_ 10. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?

Yes_ No_ 11. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated in Florida, if not resolved informally?

Yes_ No_ 12. Do you understand that you must satisfactorily complete the initial training course before we will allow your franchised Salon to open or consent to a transfer?

Yes_ No_ 13. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a PAINT Nail Bar® Salon franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure

Document?

Yes__ No__ 14. Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes_ No_ 15. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a PAINT Nail Bar® Salon franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes_ No_ 16. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the PAINT Nail Bar® Salon meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____	_____
Franchise Applicant	Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated _____	Dated _____
_____	_____
Franchise Applicant	Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated _____	Dated _____

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

EXHIBIT O TO THE DISCLOSURE DOCUMENT

CURRENT AND FORMER FRANCHISEES AS OF December 31, 2023

Franchisee Name	Address	City
Amarillo, TX	Angi Seidenberger and Helen Sage	Angi.seidenberger@paintnaibar.com helen.sage@paintnailbar.com
Ann Arbor, MI	Shelley Wolff and Allen Wolff	shelley.wolff@paintnailbar.com, allen.wolff@paintnailbar.com
Annapolis, MD	Antonia and Alfred Boakye	antonia@paintnailbar.com, alfred@paintnailbar.com
Arlington, VA	Kevin and Amber Sutton	kevin@paintnailbar.com, amber@paintnailbar.com
Aventura, FL	Osnat Geri	osnat@paintnailbar.com
Bethesda, ND	Cassidy and Nate Shollenberger	cassidy@paintnailbar.com, nate@paintnailbar.com
Birmingham, MI	Angie Nobile and Tina Badallo	angie.nobile@paintnailbar.com, tina.badallo@paintnailbar.com
Broadview Heights, OH	Sharece Curry-Miller and Mike Miller	Sharece@paintnailbar.com, mike.curry@paintnailbar.com
Cleveland (Solon)	Naeemah and Daven Holly	Naeemah@paintnailbar.com, daven@paintnailbar.com
Colorado Springs, CO	Raleigh and Seth Vincent	raleigh@paintnailbar.com, seth@paintnailbar.com

Dallas, TX	Dave and Shelley Simpson	shelley.simpson@paintnailbar.com
Fredericksburg, TX	Tommi and Brent Seidenberger	Tommi@paintnailbar.com
Ft Myers, FL	Alyssa & Taylor Gay and Hallie & Porter Harris	alyssa.gay@paintnailbar.com, hallie.harris@paintnailbar.com
Houston, TX (Garden Oaks)	Andrea Eddleman and Eric Eddleman	andrea.eddleman@paintnailbar.com, eric.eddleman@paintnailbar.com
Kansas City	Ron and Britten Moyers	britten.moyers@paintnailbar.com
Lake Norman (Charlotte)	Stuart and Nicole Rehfuss	nicole.rehfuss@paintnailbar.com
Lakeland, FL	Chelsea Dyer and Charles Garneau	chelsea@paintnailbar.com, charles@paintnailbar.com
Loudoun County, VA	Karen Willis	karen.willis@paintnailbar.com
Louisville, KY	Miranda And Jeremy Goodin	miranda@paintnailbar.com, jeremy@paintnailbar.com
Naples, FL	Pearl and David Baker	pearlbaker@paintnailbar.com
Northern Kentucky	Marquise and Chris Griffin	marquise@paintnailbar.com

Oklahoma City	Jeremy & Allison Baskett, Mindy & Josh Baskett	mindy.baskett@paintnailbar.com, allison.baskett@painnailbar.com
Pittsburgh	Jason Kasper& Maria Kasper	maria.kasper@paintnailbar.com, jason.kasper@paintnailbar.com
Rochestor, MI	Angie Nobile	angie.nobile@paintnailbar.com
South Sarasota, FL	Taylor Karp	taylor.karp@paintnailbar.com
St Louis, MO	Sara Brown	sara@paintnailbar.com
St Petersburg , FL	Jennifer Lee	jennifer.lee@paintnailbar.com
Venice, FL	Jessica Haworth	jessica.haworth@paintnailbar.com

Franchisees that have signed a Franchise Agreement but have not opened as of the issuance date

Franchisee	**Location**	**Contact**
PAINT Nail Bar Winter Park, LLC Casey and Marc Kish	Orlando Park, Florida	casey@paintnailbar.com
Red Chair group. LLC Jessica and Joe Grenat	Plantation, Florida	joe@paintnailbar.com, jessica@paintnailbar.com
PAINT Tampa LLC Brooklyn and Joe Duffey	Tampa, Florida	brooklyn.duffey@paintnailbar.com, joe.duffey@paintnailbar.com
A.D.A.G, LLC Dee Gruijin and Sasha Grujin	Richmond, Virginia	sasha@paintnailbar.com
Shelly Lewis	12623 W. Colonial Dr., Suite A Orlando,	Shelly.Lewis@paintnailbar.com

	Florida	
Adrian And Charlene Balota	College Station, Texas	Adrian@paintnailbar.com
Alena and Robert Gregory	Washington D.C.	Alena@paintnailbar.com Robert@paintnailbar.com

The name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of any franchise who, is our most recent full fiscal year: (a) had an outlet terminated, cancelled, or not renewed; (b) otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement, as application or (c) who has not communicated with us within 10 weeks of the issue date of this disclosure document is listed below:

Former Franchisee	**Location**	**Telephone**	**Reason**
Paint Nail Bar Napa, LLC Elyse Quast	Napa, California	707.477. 3135	Closed Salon June 2023 - Terminated
Dangela Enterprises, LLC Dan and Angela Murphy	Wayzata, Minnesota	760.230. 2175	Closed Salon in October 2023 - Termination -
BirdieLu, LLC Jill Martin	Nashville, Tennessee	239.225.9020	Closed Salon in August 2023 - Termination -
Alissa and Byron Hoover	Perryton, Texas	806.886.8807	Closed Salon in July 2023- Termination due to tornado destroying building
RL Rositani LLC Roz Sledz and Jeff Cook	Encinitas, California	586.443.0080	Closed the salon April 2023- Termintion

EXHIBIT P

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	Pending
Maryland	Pending
Virginia	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT P TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement, area development agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If PAINT NAIL BAR FRANCHISE COMPANY, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If PAINT NAIL BAR FRANCHISE COMPANY, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency Exhibit A to this disclosure document.

The franchisor is PAINT NAIL BAR FRANCHISE COMPANY, LLC, located at 1432 First Street, Sarasota, Florida 34236. Its telephone number is (301) 807-2971.

We authorize the respective state agencies identified on Exhibit "A" to receive service of process for us if we are registered in the particular state.

Issuance Date: September 13, 2024

The name, principal business address, and telephone number of the franchise seller(s) offering the franchise is/are:

Name	Principal Business Address	Telephone Number
☐ Mark Schlossberg ☐ Michele Schlossberg	1432 First Street Sarasota, FL 34236	(301) 807-2971

I have received a disclosure document dated: September 13, 2024

The disclosure document included the following Exhibits:

Exhibit "A"	List of State Agencies/Agents for Service of Process	Exhibit "J"	Form of Conditional Assignment of Telephone Numbers and Listings and Internet Addresses
Exhibit "B"	Franchise Agreement		
Exhibit "C"	Area Development Addendum	Exhibit "K"	Confidentiality, Nonsolicitation and Noncompetition Agreement
Exhibit "D"	Financial Statements		
Exhibit "E"	Form of Release	Exhibit "L"	Lease Addendum
Exhibit "F"	State Specific Addenda and Riders	Exhibit "M"	Lender Consent
Exhibit "G"	Table of Contents of Manuals	Exhibit "N"	Franchise Compliance Certificate
Exhibit "H"	Principal Owner's Guaranty	Exhibit "O"	List of Current and Former Franchisees
Exhibit "I"	Principal Owner's Statement	Exhibit "P"	State Effective Dates
		Exhibit "Q"	Receipts

_____
Print Name

_____
Date

_____
(Signature) Prospective Franchise Owner

_____
Address

(Keep this page for your records)

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement, area development agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If PAINT NAIL BAR FRANCHISE COMPANY, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If PAINT NAIL BAR FRANCHISE COMPANY, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency Exhibit A to this disclosure document.

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Exhibit "I"	Principal Owner's Statement	Exhibit "P"	State Effective Dates
		Exhibit "Q"	Receipts

_____
Print Name

_____
Date

_____
(Signature) Prospective Franchise Owner

_____
Address:

(Sign and Return this Page to Us):
PAINT NAIL BAR FRANCHISE COMPANY, LLC
1432 First Street
Sarasota, Florida 34236
Attn: Mark Schlossberg