

Franchise Disclosure Document



TIJON FRAGRANCE LAB FRANCHISING, INC.

An Arizona Corporation

4757 North Wolford

Tucson, Arizona 85749

Franchising@TijonFragranceLab.com

<http://www.TijonFragranceLab.com>

520-484-5728

The franchisor is offering a franchise license for the operation of a business providing retail sales of perfumes and colognes as well as a variety of classes teaching patrons how to create their own custom fragrance that they bottle and take home. All activities are conducted under the name “Tijon Fragrance Lab” or “Tijon St. Martin” or “Tijon” when lessons are taught in franchisees’ stores.

The total investment necessary to begin operation of a Tijen Fragrance Lab business is estimated between \$161,500 to \$249,000. This includes \$62,750 to \$72,750 that you will pay to the Franchisor and its affiliates.

The total investment necessary to begin the operation of 2 to 10 Tijen Fragrance Lab businesses under a development agreement is \$197,250 to \$509,250. This includes \$98,500 to \$333,000 that must be paid to the Franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact John Berglund at 4757 North Wolford, Tucson, Arizona 85749 or call 520-484-5728.

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

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

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

Issuance Date: March 25, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit H includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Tijon 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 Tijon franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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 protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (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, 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
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS & AFFILIATES

To simplify the language, this disclosure document uses “we,” “us,” “our,” or “Franchisor” to mean Tijon Fragrance Lab Franchising, Inc., the franchisor. “You” means the person, corporation, partnership or other entity that buys the franchise. If you are a corporation or limited liability company, partnership or other entity, certain provisions of the Franchise Agreement also apply to your shareholders, members, partners or owners and will be noted. Any such entity may be referred to as an “Entity” and those who own the Entity may be referred to as “Owners.”

Franchisor

Tijon Fragrance Lab Franchising, Inc. is an Arizona Corporation chartered on September 5, 2017. Our principal place of business is at 4757 North Wolford, Tucson, Arizona 85749 (Telephone Number 520-484-5728).

We have been offering retail franchises since January 10, 2020. We previously offered Tijon Mobile franchises but are no longer offering new mobile franchises. We currently have one mobile franchise in operation, located in Potomac, MD. We, or our affiliates, may, in the future, operate Tijon Fragrance Lab franchises in various markets that we do not currently service, but we will not encroach on the territory of a franchisee.

Parent(s), Predecessor(s) and Affiliate(s)

We have no Predecessor and we do not have a Parent company.

We have one affiliate: Perfume Aura, Inc. It was formed on September 9, 2017 to provide inventory to our franchisees and fulfill internet orders. It is based at our Tucson address.

Agent for Service of Process

Our agent for service of process in Arizona is Northwest Registered Agent, LLC, 1846 E. Innovation Park Dr, STE 100, Oro Valley, AZ 85755 (Telephone Number 509-768-2249). Refer to Exhibit C, the Schedule of State Agencies attached for information on the agent for service of process in other states where we may be registered.

The Business the Franchisee Will Conduct

We grant you the right to operate a retail perfumery selling a wide variety of custom perfumes and colognes. In addition, we offer customers entertaining perfume-making classes in a variety of workshops in the store. You will market and operate your business under the trade name "Tijon Fragrance Lab," "Tijon St. Martin," or "Tijon." We have received registration with the US Patent and Trademark Office for the name Tijon. Franchise owners don't need to have experience in the fragrance industry, as training will be provided to give owners sufficient knowledge to run their businesses.

You will operate from a retail store that we have approved that lies within your Protected Territory. We offer several classes that are regularly conducted at the stores. All franchisees will offer the

same menu of classes as described in our Operations Manuals. Our proprietary lesson plans are standardized throughout the system and are part of our Trade Secrets.

We will teach you our methods for managing your business and assist you in implementing our system of marketing a Tijon Fragrance Lab business. We will assist you in selecting a suitable territory and we will protect you from having another Tijon Fragrance Lab franchisee providing a store in your Protected Territory. We will provide you with the list of inventory, supplies, software, computers and other equipment you need to run your business. We will teach you procedures for marketing your products to store customers; for recruiting; and for teaching your staff to conduct the courses and sell the products offered by the franchise network.

Our lesson plans are proprietary as Trade Secrets and are not marketed nor available to those outside our system. They provide guidance for both instructors and students to ensure a fun, educational experience for each attendee. We will teach you successful marketing programs for you to implement in your city and we will conduct research and analysis of new products and services for you to offer in the future. We award you the right to use our name and logo in your market for soliciting business, in advertising, signage, brochures, letterhead, business cards and on the internet. We currently operate the website www.Tijon.com which promotes our franchises, your products and classes through the internet. We will add new franchisees' contact information to this website when they are trained, equipped and prepared to open their business.

Multi-Unit Offering

We may offer qualified individuals the right to open and operate multiple Franchised Businesses within a defined geographical area (the "Development Area"). To obtain development rights, you must: (i) sign our then-current form of development agreement (the "Development Agreement"), which is attached as Exhibit B to this Disclosure Document; and (ii) pay our then-current development fee when you sign your Development Agreement. The amount of the development fee (the "Development Fee") depends on the number of Franchised Businesses you agree to open. See Item 5 for Development Fee amounts.

If you sign a Development Agreement, you must sign a separate Franchise Agreement for each Franchised Business you open. The Franchise Agreement you sign for future locations may be different from the Franchise Agreement attached to this Disclosure Document. You must sign the Franchise Agreement attached to this Disclosure Document for your first Franchised Business at the same time you sign your Development Agreement. You must open and begin operating each additional Franchised Business in your Development Area according to the mandatory development schedule in your Development Agreement. If you fail to meet the development schedule, we may terminate your Development Agreement and you will lose your development rights. See Item 17 for termination provisions.

Proprietary Market and Competition

You will compete with many other businesses for customers, including independent perfume retailers, department stores, specialty fragrance boutiques, online perfume retailers, and regional or national perfume chains and franchises. The market for perfumes and fragrances is highly competitive. Competition is significant. Demand for your products depends on local and national economic conditions, consumer preferences, fashion trends, and how much money consumers have

available for discretionary spending. You may also compete with other Tijon locations that we or our affiliates own or franchise (see Item 12). The perfumes and fragrance products you will sell are widely available from many other sources, including online retailers, department stores, and specialty shops. Your customers will typically be individual consumers. While we believe that your affiliation with our system is very beneficial, it does not guarantee that you will develop a successful or profitable business operation.

Industry-Specific Laws and Regulations

You must comply with all federal, state, and local health, safety, consumer protection, and licensing laws and regulations applicable to retail perfume sales. Depending on your jurisdiction, you may need to comply with regulations regarding the sale of cosmetic products, including labeling requirements, ingredient disclosure, and safety standards enforced by the FDA and state agencies. You must comply with all federal and state employment laws, including minimum wage, overtime, and applicable labor standards. You are solely responsible for understanding and complying with all applicable laws. You should consult your own attorney, accountant, or other professional advisors about federal, state, and local laws that apply to your Shop's operation.

You will be solely responsible for ensuring you acquire and maintain any specific licenses, permits, authorizations or otherwise that may be required to operate your Business under the applicable laws of where your Business is located. You are responsible for complying with all applicable laws, rules and regulations and should consult with your attorney, accountant, or other advisor, especially regarding state and local laws, rules and regulations that may affect the operation of your Shop at your particular location. You will be solely responsible for ensuring you acquire and maintain any specific licenses, permits, authorizations or otherwise that may be required to operate your Business under the applicable laws of where your Business is located. You are responsible for complying with all applicable laws, rules and regulations and should consult with your attorney, accountant, or other advisor, especially regarding state and local laws, rules and regulations that may affect the operation of your Shop at your particular location. Among other things, you will need to ensure that all music played at the Business is properly licensed for commercial use, if applicable.

A number of states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Shop, including those which (1) establish licensing and certification requirements for businesses in general, (2) establish general standards, specifications and requirements for the construction, design and maintenance of the Store location; (3) regulate the sale of cosmetic products, including perfumes, and may require compliance with FDA regulations regarding labeling, ingredients, and safety standards; (4) regulate matters affecting the health, safety and welfare of your customers, such as product safety and consumer protection requirements for retail establishments; (5) set standards pertaining to employee health and safety; (6) set standards and requirements for fire safety and general emergency preparedness, (7) regulate the proper use, storage and disposal of waste and other hazardous materials, including flammable substances such as alcohol-based perfumes, and (8) require bonds, security deposits, letters of credit, or escrow arrangements for membership packages or prepaid product packages, including those sold on a pre-sale basis or valid for extended time periods, and may impose registration requirements with consumer protection agencies and other restrictions on the sale, marketing, and terms of such packages. You acknowledge that you are solely responsible for identifying, complying with, and bearing all costs associated with any and all such applicable laws, regulations,

and requirements, and that Franchisor makes no representation or warranty regarding the applicability or completeness of any regulatory requirements.

The operation of a Tijon franchise is subject to federal regulations, including FDA regulations governing cosmetic products under the Federal Food, Drug, and Cosmetic Act, which may apply to the perfumes and fragrance products you sell. Like any business, you will be required to comply with numerous government regulations (both state, local and federal) affecting the operation of your franchise and your relationship with employees, including local zoning regulations, minimum wage requirements, overtime, working conditions and citizenship requirements. You may also be subject to state and local regulations regarding the retail sale of cosmetic products, consumer protection laws, and regulations concerning the storage and handling of flammable materials. There may be other laws applicable to your business and we urge you to make further inquiries of your advisors and local government officials about such regulation.

In addition to complying with all laws, we require that you hold and maintain all valid business licenses and permits required by your jurisdiction to operate a retail perfume business, including any general retail licenses, sales tax permits, and any specific licenses required for the sale of cosmetic products. You are responsible for ensuring that your business maintains all required licenses and permits at all times. You should verify with local regulators the specific licensing requirements in the community in which you wish to operate. If you fail to maintain required licenses or permits, we may terminate your Franchise Agreement. See Item 17.

ITEM 2

BUSINESS EXPERIENCE

John Berglund, Chief Executive Officer and Director

Mr. Berglund has served as Chief Executive Officer and Director of Tijon Fragrance Lab Franchising, Inc. since September 2017. Since December 2007, Mr. Berglund has also served as Co-Founder and Co-Owner of Tijon, S.A.R.L., in St. Martin.

Tyler John Berglund, President and Chief Operating Officer

Mr. Berglund has served as President and Chief Operating Officer of Tijon Fragrance Lab Franchising, Inc. since June 2025. From September 2023 to June 2025, Mr. Berglund served as District Manager for Burlington Stores, Inc. in Milwaukee, Wisconsin. From September 2017 to September 2023, Mr. Berglund served as District Manager for Ross Stores, Inc. in Honolulu, Hawaii.

Beth Mueller, CPA, Secretary and Chief Information Officer

Ms. Mueller has served as Secretary and Chief Information Officer of Tijon Fragrance Lab Franchising, Inc. since November 2022. From October 2020 to November 2022, Ms. Mueller was retired.

Stephen Mueller, CPA, Treasurer and Director

Mr. Mueller has served as Treasurer and Director of Tijon Fragrance Lab Franchising, Inc. since November 2022. From October 2019 to November 2022, Mr. Mueller was retired.

Joseph Alan Sobin, Director and Chief Marketing Officer

Mr. Sobin has served as Director and Chief Marketing Officer of Tijon Fragrance Lab Franchising, Inc. since January 2025. Since May 1994, Mr. Sobin has also served as a broker with Irontree Real Estate in Denver, Colorado.

Anthony J. Cox, Director of Technology

Mr. Cox has served as Director of Technology of Tijon Fragrance Lab Franchising, Inc. since 2026. Since October 2020, Mr. Cox has served as Managing Partner of Experiom LLC in Dallas, Texas.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES****Single Unit Franchise**

You must pay us an initial franchise fee amounting to \$39,750 (the “Initial Franchise Fee”) upon execution of your Franchise Agreement. The Initial Franchise Fee is deemed fully earned by us upon receipt and is non-refundable under any circumstances, even if you do not open your Franchised Business or if your Franchise Agreement is terminated or expires.

Development Agreement

If we award you the right to develop multiple Franchised Businesses within a given Development Area, you must pay us a one-time Development Fee upon execution of your Development Agreement. Your Development Fee will depend on the number of Franchised Businesses we grant you the right to develop within the Development Area, and is calculated as follows:

Number of Franchised Businesses	Development Fee	Fee Per Franchised Business
1	N/A	N/A
2	\$75,500	\$37,750
3	\$107,750	\$35,750
4	\$135,000	\$33,750
5+	\$150,000	\$30,000

You will be required to enter into our then-current form of franchise agreement for each Franchised Business you wish to develop under your Development Agreement, but you will not be required to pay any additional Initial Franchise Fee at the time you execute each of these franchise

agreements. If you enter into a Development Agreement, you must execute our then-current form of Franchise Agreement for the initial Franchised Business we grant you the right to develop within your Development Area concurrently with the Development Agreement. Your Development Fee will be deemed fully earned upon payment and is not refundable under any circumstances, including if you fail to meet your development schedule, fail to open all required locations, or if the Development Agreement is terminated for any reason.

Equipment, Supplies and Signage

You must purchase Equipment, Supplies, and Signage from us. The estimated cost for Equipment, Supplies, and Signage ranges from \$20,000 to \$25,000. This amount is due in a lump sum before the opening of your Franchised Business. The payment for Equipment, Supplies, and Signage is deemed fully earned by us upon receipt and is non-refundable under any circumstances, even if you do not open your Franchised Business or if your Franchise Agreement is terminated or expires.

Boutique Inventory

You must purchase Boutique Inventory from us. The estimated cost for Boutique Inventory ranges from \$3,000 to \$8,000. This amount is due in a lump sum before the opening of your Franchised Business. The payment for Boutique Inventory is deemed fully earned by us upon receipt and is non-refundable under any circumstances, even if you do not open your Franchised Business or if your Franchise Agreement is terminated or expires.

ITEM 6 OTHER FEES

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalties (or “Royalty Fee(s)”)	You will pay a royalty of 6% of Total Gross Receipts from the opening of your Tijon franchise. Beginning on the first anniversary of your Tijon franchise opening, the royalty will be the greater of 6% of Total Gross Receipts or \$500 per month.	Payable Monthly by the tenth day of the following month based on the Royalty Report you must submit.	Total Gross receipts includes all revenue collected by the franchise. Gross receipts does not include sales nor use taxes.
Advertising Fees	Currently not assessed	These funds will be payable Monthly by the tenth day of the following	We will utilize the National Advertising Fund to promote the system’s services and to produce advertising media for use in local

		month, based on the Advertising Fund Report that you must submit. ²	markets. ⁴
Technology Fee	You must pay us \$100 monthly toward the maintenance of the Tijon website and various corporate social media accounts.	Payable Monthly by the tenth day of the following month.	You will pay us.
Computer and Software Updates	You will need to keep your computer and software programs up to date as new software releases are offered. We anticipate that this cost will be \$300 or less per year based on current charges.	Payable as billed by software vendors.	You will pay vendors directly.
Local Advertising	We require that you spend at least an additional 5% of your monthly sales or \$500, whichever is greater, on local advertising.	When billed by local vendors.	You will pay your vendors directly.
Annual Conference	Up to \$1,500 per attendee	As billed	If we elect to host an annual conference, you will be required to pay our then-current attendance fee.
Refurbishment Management Fee	Our actual costs plus 15%	As Incurred	If you fail to meet the refurbishment deadline, we may engage contractors or vendors to make these changes and bill you for their work plus a 15% management fee for overseeing the process.
Relocation Fee	\$5,000	As Incurred	In addition to the relocation fee, we may require you to reimburse us for the actual costs and expenses we incur in evaluating your relocation request, including travel, lodging, and meals for any site visit to the prospective relocation location.

Additional Franchise Management Training	\$1,500 per person is the current charge for the training of employees in excess of the two provided for in your initial franchise fee.	2 weeks prior to beginning of training.	We train 2 persons free. See Item 11.
Insurance Costs	Our actual costs	As Incurred	Due if you fail to obtain or maintain insurance and we obtain insurance on your behalf.
Transfer (Franchise Agreement)	25% of the then- current Initial Franchise Fee.	Prior to consummation of transfer.	Payable when you sell your franchise and includes 2 seats for Franchise Management Training. No charge if the franchise is transferred to a corporation or LLC which you own.
Transfer Fee (Development Agreement)	\$10,000 per franchise	Prior to consummation of transfer.	This fee will be waived if the transfer is being made to an immediate family member of Developer that we approve; or in the form of an encumbrance of the assets of any Franchised Business (or subordination of our security interest in such assets) as a necessary condition to obtain SBA or traditional bank financing
Renewal Fee	10% of the Initial Franchise Fee being charged new franchisees at the time of the renewal will be due to us when	30 days before renewal (at the end of your 10 year license).	Payable to us.
Audit	If we feel it is necessary to audit your books and an underpayment of 3% or more is discovered, in addition to any under payment, you must pay us the cost of the audit plus 18% annual interest and 15% of the underpaid royalty. ²	3 days after billing.	Payable by you only if an audit shows an under- payment of at least 3% of gross receipts for any month or if we performed the audit due to your failure to report revenues.
Late Fee	\$50 plus 1.5% interest per month	As Incurred	Due on any overdue payments if not paid within 7 days of the due date.

Liquidated Damages for Termination due to Breach	The average monthly royalty for the last 12 months multiplied by 36, or remaining months on agreement, whichever is smaller	As Incurred	Due if you breach the franchise agreement and are terminated.
Liquidated Damages for Non-Compete Violation	The average monthly royalty for the last 12 months multiplied by 36	As Incurred	Due if you breach the non-competition obligations.

Explanatory Notes

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

1. Method of Payment. Currently, you must mail or wire all payments to us. We reserve the right to collect your Royalty Fee and other fees by electronic funds transfer (EFT) from a bank account that you designate exclusively for your franchised business (your “EFT Account”). If we implement EFT, you must provide us with your EFT Account details and sign all documents necessary to authorize us to withdraw funds from this account. These documents include our EFT Withdrawal Authorization form, which is attached as an exhibit to the Franchise Agreement. You must notify us in writing before making any changes to your EFT Account information.

2. Definition of Gross Receipts. The term "Total Gross Receipts" shall mean the total amount of all revenues paid to the Franchisee, its agents and its employees, from the sale of all services or products under the Tijon Fragrance Lab mark, and from any other sources of revenue, including the sale of gift certificates, derived from the operation of the franchised business. If a payment or fee is received in the form of merchandise or services, the fair market value of the merchandise or services shall be used in determining the Royalty Fee, and payment shall be made to Franchisor in cash accordingly. The term "Total Gross Receipts" shall exclude any sales taxes that may be levied.

3. When 25 franchises are open for business, we have the right to institute a National Advertising Fund and require that you and all franchisees pay up to 2% of monthly sales into the fund. We will administer the Tijon Fragrance Lab Ad Fund with the guidance of a committee consisting of Franchise Owners and our representatives. Such a program will not be initiated earlier than when 25 franchises exist, unless 75% of the Franchisees then in operation agree that the program should commence when a minimum of 10 franchises exist. At such time, if ever, that an Advertising Fund is implemented, we will contribute two percent (2%) (or any lower system-wide percentage rate which is identical to that paid by franchisees) of our company-owned, or affiliate-owned, Tijon operating units’ revenues to the fund. We will notify all franchisees 90 days before implementing an Advertising Fund and collecting these fees. (See Section 11, Paragraph 8 for further details on the proposed Advertising Fund.)

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ¹	\$39,750	\$39,750	Lump sum	At signing of the Franchise Agreement.	Franchisor
Travel, Lodging and Meals for Initial Training Program	\$5,000	\$5,000	As incurred	As Incurred.	Third-Party Providers
Security and Lease Deposits ²	\$3,000	\$6,000	As incurred	At signing of lease.	Third-Party Landlord
Leasehold Improvements	\$6,500	\$20,000	As incurred	Before Opening.	Third-Party Providers
Signage and Graphics	\$1,000	\$4,000	Lump sum	Before Opening.	Approved Suppliers
Equipment, Supplies and Signage	\$78,250	\$107,750	As incurred	Before Opening.	Franchisor or other Approved Suppliers
Utilities	\$0	\$500	As incurred	Before Opening.	Third-Party Providers
Boutique Inventory	\$5,000	\$10,000	Lump sum	Before Opening.	Franchisor or other Approved Suppliers
Start Up Promotion ³	\$7,500	\$11,500	As incurred	During the 30 days before opening and extending to 90-180 days after opening.	Approved Suppliers
Insurance ⁴	\$3,000	\$6,000	Lump sum	As arranged	Third-Party Providers
Miscellaneous Opening Costs	\$7,000	\$17,000	As incurred	Before Opening	Third-Party Providers
Business and Industry Licenses, Permits, and Certifications	\$500	\$1,500	As incurred	Prior to Opening and/or Development (as appropriate)	Appropriate Government and/or Comparable Authorities

Additional Funds (3 months) ⁵	\$5,000	\$20,000	As incurred.	As arranged	Various parties, including Approved Suppliers, LL, Location personnel, other suppliers, etc.
Total⁶	\$161,500	\$249,000			

Generally. Except as provided below, other than security deposits and utility deposits, all payments and fees described in this Item 7 are non-refundable under any circumstances. The Item 7 Chart above assumes that you will secure an approved Premises that meets the System standards and specifications and open and commence operations of your Franchised Business on or before the date you are required to do so under (a) your Franchise Agreement with us, and (b) the Rent Commencement Date under the lease for your Premises. If you fail to open on time or at all, you will not receive a refund of any amounts paid.

1. Initial Franchise Fee. The Initial Franchise Fee is due upon execution of your Franchise Agreement and is deemed fully earned upon payment and non-refundable. The low end of the Initial Franchise Fee range assumes any applicable discount offered by Franchisor. Please see Item 5 of this Disclosure Document for additional information on this initial fee.

2. Security Deposits. As of the Issuance Date, the typical Franchised Business occupies approximately 1,000 to 1,900 square feet in a shopping mall, strip center, street-front retail location, or free-standing building. The higher end of this range typically reflects a location with greater visibility. Your real estate costs will vary based on your location, the size and visibility of the space, local economic conditions, accessibility, and competitive market conditions. The amounts shown in the chart above do not include: (a) common area maintenance fees (CAM), which will vary by location if your landlord charges them; or (b) any costs to purchase real property. We do not require you to purchase real property. If you choose to purchase rather than lease your location, the purchase price is not included in these estimates. You may reduce this expense if you share space with or locate adjacent to another business. This range includes the amounts you must pay to secure your approved Premises before opening, such as security deposits (typically equivalent to one month's rent) and any landlord fees. The actual rent, CAM, and other occupancy costs you will incur during your first three (3) months of operation are accounted for under the "Additional Funds – 3 Months" category in the Chart above.

3. Start Up Promotion. You must spend this amount on your initial marketing plan to promote your Business opening and launch. This grand opening advertising expenditure is in addition to, and not in lieu of, any local advertising requirements set forth in this Agreement. We will determine the specific requirements in our sole discretion and will collaborate with you to design your initial marketing plan. You will spend this amount during the period beginning 30 days before your Business opens and extending through 90 to 180 days after your Business opens. We will specify which portion of these funds must be spent on marketing materials and services purchased from our Approved Suppliers.

4. **Insurance.** This estimated amount represents 12 months of prepaid insurance premiums. You must obtain, maintain, and provide evidence of the following insurance coverages before opening: liability coverage with minimum limit of \$1,000,000 per occurrence and \$2,000,000 aggregate (must include abuse and a child molestation policy \$500,000 coverage); 90% replacement coverage on business assets; workers compensation (where required); employer's liability coverage of at least \$100,000 per injury per employee and \$500,000 policy limit; auto coverage for both owned, leased and non- owned autos with a combined \$1,000,000 limit per state and the same coverage for uninsured motorists; plus any bonds that may be required in your state. The actual cost of all insurance coverage will vary depending on the insurance carrier's rates, your payment terms, your claims history, your location, and other underwriting factors.

5. **Additional Funds – 3 Months.** You will need additional capital to support ongoing expenses during the initial 3 months after you open your Franchised Business. This is the minimum working capital you should have available, and you may need significantly more depending on your actual sales, expenses, and time to reach profitability. The estimate includes items such as rent (for this initial operations period that is in addition to the Security Deposit), non-variable and certain other payroll and/or other personnel compensation, initial staff recruiting expenses, additional advertising/marketing activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, state tax, and other miscellaneous items. This range does not include any draw or salary for you or any other owner. If you need to draw a salary or income from the Business during the first three months, you will need additional funds beyond the amounts shown in the chart above. These figures are estimates only, and we cannot guarantee that you will not have additional expenses starting from your first day of operations. Your actual expenses may be significantly higher than these estimates, particularly if your Business does not achieve expected sales levels quickly or if you encounter unexpected costs or delays. In calculating this estimate, we relied on (a) the experience of our Locations using the Proprietary Marks and System (since their opening dates disclosed in Item 19 of this Disclosure Document), (b) estimates we received from our Approved Suppliers and other third-party suppliers, (c) the experience of our System franchisees, and (d) the experience of our consulting team that has worked with other franchise concepts that have a similar footprint and/or industry concept.

6. **Total Estimated Initial Investment.** The figures in this table are estimates. Unless otherwise noted above, all of the expenditures listed in the Item 7 Chart above are non-refundable. In creating this chart, we have relied on the experience of our affiliates and leadership in developing and operating Tijon Businesses, the experience of our Tijon franchisees with developing their Businesses, and industry data for perfume business operations including typical startup costs, equipment needs, and initial operating expenses for similar-sized perfume business concepts.

You may need to secure an approved Premises for your Franchised Business and sign a binding lease before you or your suppliers can determine the actual construction, furnishing and other costs associated with that specific Premises. Suppliers will need to account for all variables such as size of Premises, leasehold allowances, landlord's work, and building code requirements. This means you may be legally obligated under a lease before you know your actual build-out costs, which could be significantly higher than the estimates in the chart above. With that said, we recommend you conduct pre-lease due diligence with a third-party general contractor or other business advisor

with experience in construction to determine as much as you can about all the buildout costs associated with turning the contemplated Premises into a System Location.

Your Estimated Initial Investment

B. Multi-Unit Development Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Development Fee ¹	(2 Units – 10 Units) \$75,500 - \$300,000	Lump Sum	Upon signing of Development Agreement	Franchisor
Initial Investment to Open Initial Franchised Business ²	\$121,750 - \$209,250	See Charts 7(A) above in this Item (Does not include Initial Franchise Fee)		
TOTAL³	\$197,250 - \$509,250	This is the total estimated initial investment to enter into a Development Agreement for the right to own between two and ten Franchised Businesses, as well as the costs to open and commence operating your initial Franchised Business for the first three months (as described more fully in Chart A of this Item 7).		

Explanatory Notes to Chart 7(B) Above:

Generally. All fees and payments listed in this chart are non-refundable unless we specifically state otherwise or applicable law requires a refund. This chart shows the estimated initial investment for: (1) signing a Development Agreement that gives you the right to develop between 2 and 10 Franchised Businesses in your Development Area, and (2) opening and operating your first Franchised Business under your Development Schedule.

1. Development Fee. The Development Fee is non-refundable except as may be required by applicable state law. The Development Fee gives you the right to develop and open between 2 and 10 Franchised Businesses in your Development Area, provided you comply with all development obligations and deadlines in your Development Agreement. See Item 5 for details about how the Development Fee is calculated and when it is due.

2. Estimated Initial Investment to Open Initial Franchised Business. This figure represents the total estimated initial investment required to open the initial Franchised Business you agreed to open and operate under the Development Agreement. You will be required to enter into our then-current form of franchise agreement for initial Franchised Business you must open within the Development Area at the same time you execute your Development Agreement. The range includes all the items outlined in Chart 7(A) of this Item, except for the Initial Franchise Fee

(because you are not required to pay any Initial Franchise Fee for those Franchised Businesses you open under the Development Agreement).

3. Total. This is the Development Fee plus our estimated initial investment to open and commence operating your initial Franchised Business within your Development Area. This range does not include any of the costs you will incur in opening any additional Franchised Business(es) that you are granted the right to open and operate under your Development Agreement.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Tijon Fragrance Lab franchises operate retail perfumery businesses that sell custom perfumes and colognes blended in the store or at off-site events. The business also sells other Tijon branded products. Franchisees conduct workshops in which customers learn how to blend their own fragrances. All workshops, lesson plans, curriculum used in the business must be approved by us. We will provide the curriculum that you may use through online systems described in the Operations Manual.

To maintain uniformity throughout the Tijon Fragrance Lab system you must purchase certain products, supplies, equipment, materials that meet our specifications. These specifications are described in the Operations Manual. Certain products must be purchased from our affiliates. Certain products must be purchased from suppliers that we approve.

You must purchase fragrance ingredients used to blend perfumes from our affiliates. You must obtain fragrance ingredients used to blend perfumes from sources that comply with our standards described in the Operations Manual. Certain proprietary products, ingredients, materials used in the operation of the franchise may only be available from us or our affiliates.

You must use products, supplies, equipment, materials that meet specifications relating to quality, reliability, appearance, delivery standards described in the Operations Manual. These specifications apply to bottles, packaging materials, labeling materials, retail merchandise, branded products, signage, banners, marketing materials, related supplies. We may offer certain items for sale to franchisees. Franchisees may purchase certain items from suppliers that meet our specifications.

Franchisees are not required to purchase computer hardware from us. Franchisees must purchase and use Square for their point-of-sale (POS) and payment processing system and Bokun for their reservation system. Franchisees are not required to purchase computer hardware from designated suppliers, except that the hardware must be compatible with and capable of running the required Square POS system and Bokun reservation system. As described in Items 7 and 11 of this Disclosure Document you can anticipate spending approximately \$1,000 to \$3,000 for computer hardware, software, and related equipment depending on the size of the franchise. This estimate includes the costs associated with the required Square POS and payment processing system and Bokun reservation system, including any applicable subscription fees, transaction fees, and hardware costs necessary to operate these mandatory systems.

We may designate suppliers that are approved to sell products, supplies, equipment, services used in the operation of the franchise. We may provide a list of approved suppliers. These suppliers may be local suppliers, regional suppliers, national suppliers that meet our standards.

Our officers listed in Item 2 own an interest in Perfume Aura, Inc., an approved supplier and affiliate of the franchisor. Perfume Aura, Inc. may sell products to franchisees.

We may negotiate purchasing arrangements with suppliers as the system grows. These arrangements may include volume purchasing discounts. Franchisees will generally purchase directly from suppliers. Franchisees will generally pay suppliers directly.

There are currently no purchasing cooperatives within the system.

We do not offer material benefits based on whether you purchase products from us or from approved suppliers. Purchasing from us or purchasing from approved suppliers is required under the Franchise Agreement.

We estimate that purchases from us, our affiliates, approved suppliers, and suppliers that meet our specifications will represent approximately 75% to 85% of total purchases required to both establish and operate the franchise.

You may request approval of a supplier that is not currently approved. Requests must be submitted in writing. The request must include information reasonably necessary for us to evaluate the proposed supplier.

We will evaluate proposed suppliers based on factors relating to quality of products, pricing, reliability, delivery capability, reputation of the supplier, ability to meet system standards described in the Operations Manual. We will notify you of our decision within approximately thirty days after receiving information reasonably necessary to evaluate the supplier.

Approval of a supplier may be withdrawn if the supplier fails to meet our standards. We will provide written notice to franchisees if approval is withdrawn.

We do not currently charge a fee to evaluate proposed suppliers. We reserve the right to charge a reasonable review fee in the future.

We or our affiliates may receive revenue from purchases made by franchisees. These purchases may include purchases from us. These purchases may include purchases from affiliates. These purchases may include purchases from approved suppliers. Revenue may include rebates, commissions, other payments.

As of the date of this Disclosure Document we have not received revenue from franchisee purchases from 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 Franchise Agreement	Section in Development Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections 2 and 4D of Franchise Agreement	Section 8	Item 11
(b) Pre-opening purchases/leases	Sections 4 and 5 of Franchise Agreement	Section 8	Items 7, 8, 11
(c) Site development and other pre-opening requirements	Sections 2, 4 and 5 of Franchise Agreement	Section 3	Items 6, 7, 11
(d) Initial and ongoing training	Sections 4A & 5A of Franchise Agreement	Not Applicable	Item 11
(e) Opening	Sections 2, 5B, & 5C of Franchise Agreement	Section 3, Exhibit B	Item 11
(f) Fees	Section 3 & 6 of Franchise Agreement	Section 9	Items 5, 6, 7, 11
(g) Compliance with standards and policies (Operations Manual)	Section 5 of Franchise Agreement	Section 3	Items 6, 11
(h) Trademarks and proprietary information	Section 5C of Franchise Agreement	Section 13	Items 13, 14
(i) Restrictions on products/services offered	Section 5C of Franchise Agreement	Not Applicable	Items 8, 11, 16
(j) Warranty and customer service requirements	Section 5B, 5C & 5E of Franchise Agreement	Not Applicable	Not Applicable

(k) Territory development and sales quotes	Section 6 of Franchise Agreement	Section 1, 3, and Exhibit B	Item 12
(l) On-going product/services purchases	Section 5E of Franchise Agreement	Not Applicable	Items 8, 16
(m) Maintenance, appearance and remodeling requirements	Section 5C, D, E, F and K of Franchise Agreement	Not Applicable	Items 8, 11
(n) Insurance	Section 5I of Franchise Agreement	Not Applicable	Items 6, 11
(o) Advertising	Section 5G of Franchise Agreement	Not Applicable	Items 6, 11
(p) Indemnification	Section 7 of Franchise Agreement	Not Applicable	Item 9
(q) Owner's participation/management/staffing	Section 5B of Franchise Agreement	Section 7	Item 15
(r) Records/reports	Sections 5H, 6 of Franchise Agreement	Not Applicable	Items 6, 9, 21
(s) Inspections/audits	Section 5H of Franchise Agreement	Not Applicable	Items 6, 11, 21
(t) Transfer	Section 11 of Franchise Agreement	Section 16	Item 17
(u) Renewal	Section 8 of Franchise Agreement	Not Applicable	Item 17
(v) Post-termination Obligations	Section 10 of Franchise Agreement	Sections 14, 15	Item 17
(w) Non-competition covenants	Section 15 & Addendum B of Franchise Agreement	Section 11	Item 17
(x) Dispute Resolution	Sections 18 & 20 of Franchise Agreement	Sections 21, 22	Item 17

ITEM 10 FINANCING

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

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

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

Pre-Opening Obligations

- A. We will assign your Protected Territory and protect you from having another franchisee, us, or our affiliates, open a Tijon Fragrance Lab franchise within your Protected Territory. (Franchise Agreement - Paragraph 2 and Addenda A)
- B. We will provide you with design plans and specifications for the layout, equipment, and signage for your fragrance lab, including specifications for perfume creation stations, customer consultation areas, and retail display areas. You must handle all construction, permits, and local approvals at your own expense, including compliance with local health department regulations. We do not build or decorate the premises. You are responsible for hiring licensed contractors and ensuring all work complies with applicable building codes and Americans with Disabilities Act (ADA) requirements. (Franchise Agreement, Section 5(D))
- C. We will also loan you our Operations Manuals which contain mandatory and suggested specifications, standards and procedures, including our Trade Secrets. This manual is confidential and remains our property. We may modify this manual, but the modification will not alter your status and rights under the Franchise Agreement. (Franchise Agreement - Paragraph 4B). The table of contents of our current Manuals are included as Exhibit E at the end of this document.
- D. Within 30 days of your projected opening, we will provide a five-day class called Tijon Fragrance Lab Academy to train you and one other person (Franchise Agreement - Paragraph 4 Sections A, B and D) or at another location as determined by Franchisor.
- E. The typical length of time between signing the Franchise Agreement and opening your franchised business is 180 days. The time varies based on finding an approved site, negotiating and executing a lease, obtaining financing, securing required permits and licenses, completing build-out and inspections, purchasing equipment and inventory, and finishing training. You must open your franchised business within 180 days after signing the Franchise Agreement unless we grant you a written extension. (Franchise Agreement, Section 2(C))

Obligations During Operation

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

- A. Provide your business's contact information on our website to assist potential patrons in contacting your franchise. (Franchise Agreement - Paragraph 4F)
- B. We may hold annual or periodic meetings or conferences to discuss franchised business operations, new fragrance creation techniques, marketing initiatives, or system-wide matters. Attendance may be required at your expense, including registration fees (if any), travel, lodging, and meals. We will provide at least 30 days' notice of any mandatory meeting. Failure to attend mandatory meetings may be considered a breach of your Franchise Agreement. (Franchise Agreement, Section 5(P))
- C. During the term of your franchise, we will develop new lesson plans, research equipment and inventory items, and train you in methods for incorporating them in your business. We will maintain an online learning system and provide access to you and your instructors. We will also provide you with information about developments in the industry that may impact your business. (Franchise Agreement - Paragraph 4B).
- D. We do not currently require you to charge specific prices for your fragrance creation services or retail products. However, we may suggest pricing ranges or strategies based on market research and system-wide data. We reserve the right to establish maximum prices, minimum prices, or required pricing ranges to protect brand positioning and System standards. You may set your own prices within any parameters we establish. Your pricing must be consistent with the brand image and positioning of the System as we determine. You must not engage in pricing practices that could harm the reputation of the Marks or the System. We may require you to change your prices immediately to address brand or reputation concerns.

Initial Training and Related Disclosures/Information

- A. Before the opening of your Franchise, yourself, any Owner and/or proposed manager or Manager you appoint or that will be authorized to provide fragrance creation services and the other Approved Services at your franchised Location are required to attend the In-Person Owner/Operator training at our designated training location in Arizona (currently, in Tucson, Arizona).
- B. We expect that you and any individual who will provide fragrance creation services and other Approved Services at your franchised business will already have appropriate training and expertise in perfumery, fragrance creation, and customer service. You are solely responsible for ensuring that all employees maintain appropriate skills and comply with all applicable health and safety requirements at all times.

- C. If any proposed manager does not satisfactorily complete our Initial Training Program, we will notify you, and you may then select and enroll a substitute manager in our training program. If you or any Designated Manager fails to complete the necessary training before your franchised business opens to the public, you will be in material default under your Franchise Agreement. We may terminate your Franchise Agreement if you do not cure this default within the time period specified in our written notice.
- D. You will be responsible for all costs related to attending training such as travel, room and board for any individual that is required to attend or otherwise attends the In-Person Owner/Operator training. You will also be responsible for any wages and Location-related expenses incurred when the On-Site training is provided at your approved Premises around the time you are schedule to open.
- E. We expect and intend to provide you with the training after you secure your approved Premises and around 90 days prior to your opening. We anticipate holding training once every 1 to 2 months.
- F. Training will be conducted by John and Tyler Berglund. John Berglund, our Founder, developed our business model and has been active in managing Tijon St. Martin from 2007-2022. Tyler Berglund has served as President and Chief Operating Officer of Tijon Fragrance Lab Franchising, Inc. since June 2025. They have extensive experience in training, managing executive associations, sales, marketing and they jointly oversee our affiliates' businesses. The primary materials we use in connection with our Initial Training Program include the Operations Manual (and possibly other Manuals), videos, remote training tools/webinars/testing (as we determine appropriate), videos and hands-on demonstrations.
- G. Any additional training requested or required beyond the Initial Training Program will be subject to additional fees as specified in this Item.

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H. Below please find chart detailing the Initial Training Program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Industry Overview, Entrepreneurship, Orientation	2	0	Tijon Fragrance Lab Tucson, Arizona
Perfumery Equipment, Software, and Philosophy	3	0	Tijon Fragrance Lab Tucson, Arizona
Supplies, Lesson Plans, Purchasing and Utilizing our Training System	6	2	Tijon Fragrance Lab Tucson, Arizona
Staffing Your Business, Training and Motivating Instructors	8	2	Tijon Fragrance Lab Tucson, Arizona
Personnel, Safety, Security, Record Keeping and Accounting	4	0	Tijon Fragrance Lab Tucson, Arizona
Marketing, Promotion, and Sales	4	0	Tijon Fragrance Lab Tucson, Arizona
Conducting Classes and Customer Relations	9	9	Tijon Fragrance Lab Tucson, Arizona
Managing By the Numbers	2	0	Tijon Fragrance Lab Tucson, Arizona
Franchise Compliance	2	0	Tijon Fragrance Lab Tucson, Arizona
Total Hours	40	13	

I. The cost of this training is included in your Initial Franchise Fee but you must pay the travel and living expenses for yourself and your employee(s) for the 5 days you will spend learning our system. You may also have to pay wages for your employees during their training. Your employees will need to be covered under Worker's Compensation Insurance prior to coming to school. Training occurs at our facility in New Orleans, LA or at another location as determined by Franchisor. The training work week is based on forty (40) hours per week but may exceed that projection.

J. In addition to the Initial Training Program components above, we may require that you and, if applicable, your Designated Manager, attend up to five (5) days of additional or

refresher training each year. We expect and intend to provide you with access to additional or refresher training programs that may be conducted through the telephone, webinars or video training at no cost to you. Such additional or refresher training programs may be conducted through the telephone, webinars, video training or at annual conferences. Anyone attending additional or refresher training programs (training other than by telephone, webinars or video training) will be subject to an additional training fee of up to \$450 per day and all costs associated with attending the training program such as travel, room and board.

- K. We may provide refresher training and continuing education programs either through phone, web based (“webinars”), video or at locations designated by us (most likely at our headquarters). Such refresher or continuing education sessions (other than by phone, webinars or video) may involve the payment of our then-current Training Fee for such additional/refresher training. You are responsible for costs associated with you attending the programs such as travel, room and board or our expenses if we come to you. The refresher and/or continuing education programs will normally not exceed five (5) days per calendar year, and we expect to have at least quarterly programs subject to special need. (Franchise Agreement, Sections 5(A) and 6(O)). Please see additional information below in Part D of this Item 11.

Site Selection

You must, on your own initiative and at your own expense locate, obtain and occupy the site and negotiate the lease for your Business. You must select the site of your Business within the Territory provided in the Franchise Agreement. Locations should be situated within upscale, high-traffic, open-air lifestyle shopping centers with strong anchor tenants and co-tenancy, serving affluent trade areas. While site-specific characteristics vary, we focus on locations that provide excellent visibility, accessibility, and daily consumer traffic. We do not generally own the site and lease it back to you. You may not sign a lease for the site (or contract to purchase the premises, if applicable) in which you wish to operate your Business until you have obtained our written approval. We must accept the site if we feel in our sole discretion that it meets or exceeds our standards. If we do not approve the site, you will be given a second opportunity to locate a site. If we do not approve the second site, we may terminate the Franchise Agreement. The factors that we consider in acceptance of the site include cost, competition, population density, demographics, freeway access, visibility, accessibility, convenience, adequate parking, safety, zoning ordinances, neighborhood and physical characteristics of the premises such as size, configuration, layout, the presence of strong anchor tenants and favorable co-tenancy arrangements, the upscale nature and high-traffic characteristics of the shopping center or retail environment, the affluence of the surrounding trade area, daily consumer traffic patterns, as well as a brand manual we use concerning real estate criteria and design guidelines. We evaluate each proposed site and accept or reject each one on a case-by-case basis and will notify you by email or any other form of written communication of our acceptance or rejection of any proposed site within 30 days after we receive your request (Franchise Agreement, Sections 5(E) and 6(A)).

We must also have the opportunity to review any lease or purchase agreement for proposed Location before you enter into such an agreement. We will have the right to review the lease and you must ensure that: (i) you and the landlord of the Premises enter into a form of addendum or otherwise integrate the terms of that addendum (collectively, the “Lease Addendum Terms”) that

includes (without limitation) a collateral assignment of lease and other entry rights upon termination or expiration of your Franchise Agreement, into the lease or other occupancy agreement for the Location; and (ii) receiving a written representation from the landlord of the Premises that you will have the right to operate the Franchised Business, including offering and selling the Approved Services and Approved Products, throughout the term of your Franchise Agreement. As part of the Lease Addendum Terms, we will have the option, but not the obligation, to assume or renew the lease for the Premises (the “Lease”) for all or part of the remaining term of the Lease if you are in material default of your Franchise Agreement and/or Lease and/or fail to timely cure that default, or upon termination or expiration of the Franchise Agreement for any reason. You must submit the lease to us for our review at least ten days before you sign the agreement. You must send us a signed copy of the lease within five days of both parties signing the lease. (Franchise Agreement, Sections 5 and 6).

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

You must secure a Location that we approve and open within 180 days of executing your Franchise Agreement for that Franchised Business or we may terminate that Franchise Agreement. (Franchise Agreement, Section 6(A)). Please note that any Site Selection Area will not be exclusive and other System franchisees and developers may be afforded the right to search for an approved Location within any portion of your Site Selection Area.

Time to Open

Single Franchised Business

Except as provided in this Item, you must open and commence operations of your Franchised Business within 180 days from the date you execute your Franchise Agreement for that Franchised Business. We may, in our sole discretion, grant a single 90-day extension if you submit a written request at least 30 days before the expiration of the initial 180-day period, providing a satisfactory explanation for the delay, a detailed action plan with a target opening date, and demonstrating that you have acted diligently and in good faith to open the Franchised Business. (Franchise Agreement, Section 6(D)).

We estimate that it will take between 180 days to open your Franchised Business from the time you execute your Franchise Agreement. Factors that may affect this length of time include obtaining a location that is approved by us for your Business, permits and licenses from your state (if applicable), time of year you open the Business for operation, build out, completion of your pre-market entry study to determine any customization of services and products to be offered

through your Business, satisfactory completion of our initial training program by you (or your managing partners, members or shareholders) and availability of equipment, products and supplies. You have 90 days to enter into a lease, at your expense, for commercial real estate that is properly zoned for the use of your Business under the Franchise Agreement. We reserve the right to extend the period for you to acquire a lease as described above based on our reasonable judgment that you will likely find a location.

Multi-Unit Development under Development Agreement

If you sign a Development Agreement to open and operate multiple Franchised Businesses, your Development Agreement will include a Development Schedule. The Development Schedule sets deadlines by which you must have each of your Franchised Businesses open and operating. Your Development Schedule will depend on the number of Franchised Businesses you are granted the right to open and operate. (Development Agreement, Exhibit A – Development Schedule).

If you fail to open any Franchised Business within the time period outlined in the Development Agreement, we may terminate your Development Agreement. (Development Agreement, Section 2 and Exhibit A). Upon termination of your Development Agreement, you will lose all further development rights within the Development Area. However, you may continue operating any Franchised Business(es) that were already open and operating as of the termination date. We must approve the location you choose for each Franchised Business you are required to open under the Development Agreement.

Marketing and Advertising

Generally

You must obtain our approval for all advertising and promotion you use in connection with your Franchised Business. All advertising must conform to the standards and requirements that we specify.

We may make available to you, at your expense, certain promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials.

You must participate in certain promotions and advertising programs that we establish as an integral part of our System, provided these activities comply with applicable laws and regulations. (Franchise Agreement, Section 9(A)).

You must purchase and display seasonal signage in high-visibility areas of your Franchised Business to notify customers and prospective customers of seasonal specials and promotions regarding our Approved Products and Services. (Franchise Agreement, Section 6(M)).

If you wish to use any advertising or promotional materials other than those we have previously approved or designated within the preceding 12 months, you must submit the materials to us for our prior written approval at least 20 days before publication.

We will use commercially reasonable efforts to notify you of our approval or disapproval within 15 days of receiving your materials. If you do not receive our written approval within that time period, the proposed materials are deemed disapproved and you may not use them.

Once approved, you may use the proposed materials for 90 days, unless we: (i) prescribe a different time period for use; or (ii) require you in writing to discontinue using the previously-approved materials.

We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time. (Franchise Agreement, Section 9(B)).

Except as otherwise provided in this Item, we are not required to spend any amount on advertising in your Designated Territory.

Initial Marketing Spend (Start Up Promotion)

You must spend at least \$7,500 on your Initial Marketing Spend, including your “Grand Opening” promotion, during the Grand Opening Period, which is defined as the 30 days before your Franchised Business opens and extending through the 90 to 180 days after opening. This Initial Marketing Spend is in addition to, and not in lieu of, any local advertising requirements set forth in the Franchise Agreement.

We will work with you to design your Initial Marketing plan. All materials you use for your Initial Marketing Spend must be approved by us (if not already designated by us). We may require you to spend any portion of the Initial Marketing Spend on marketing, advertising, or promotional items or services that you purchase from our then-current Approved Suppliers. (Franchise Agreement, Section 9(C)).

Local Advertising Requirement (or “LAR”)

You must spend at least five percent (5%) of your monthly Gross Sales or \$500, whichever is greater, on advertising, marketing and promotion of your Franchised Business within your Designated Territory. This is called the "Local Advertising Requirement" or "LAR."

You must use only materials that we have previously approved or designated. We may hire a marketing agency to assist franchisees with local marketing. If we do, your use of that agency is optional. We may require you to provide us with reports and other evidence of your local advertising spending each month. (Franchise Agreement, Section 9(D)).

You must report your local advertising expenditures to us by the fifth day after the end of each month, or at such other times, on such forms and in such manner as we determine.

You may not use any advertising or sales promotion programs in any media (including electronic media) without our prior review and written approval. We will approve or disapprove the materials you submit to us in writing within 30 days. If we do not respond within 30 days, the materials are automatically disapproved. (Franchise Agreement, Section 9(D)).

Brand Development Fund (or “Fund”). We have not currently established a brand development fund (the “Fund”). However, we reserve the right to require you to pay up to two percent (2%) of your Total Gross Receipts as an Advertising Fee to promote the Tijon Fragrance Lab name in the marketplace, with the exact amount to be specified by us. We will not collect Advertising Fees until a minimum of twenty-five (25) franchises are open for business, and we will provide you with sixty (60) days written notice before implementing and collecting such fees. Notwithstanding the foregoing, we reserve the right to implement the Advertising Fee earlier if, in our reasonable business judgment, market conditions, competitive pressures, or brand development needs warrant earlier implementation, provided that we provide the required sixty (60) days written notice. When instituted, you must pay the amount due annually by the tenth day of the year following the year in which the revenues were received, paid in the same manner as the Royalties. We will spend these monies on national, regional, or local media, or to develop advertising media for use in local markets or other marketing techniques or programs designed to promote the sales of Tijon Fragrance Lab franchisees' products and services to the public. These fees may also be expended by us for market research and development, test or target marketing, creative and production costs, public relations, conducting surveys, digital marketing initiatives, social media campaigns, influencer partnerships, search engine optimization, pay-per-click advertising, content creation, brand partnerships, sponsorships, trade shows, reimbursement to us for reasonable accounting, administrative, legal, and overhead expenses associated with the Advertising Fee (not to exceed 15% of the fund annually), or for other purposes deemed appropriate by us in our sole discretion to enhance, promote, protect, and defend our trademarks and brand. We will make available to you annual unaudited reports of payments made from the Advertising Fee Account. Our staff will manage the Advertising Fee Account and will budget and spend monies in the Advertising Fee Account in ways that we deem appropriate in our sole discretion. We may, but are not obligated to, consult with franchisees regarding advertising expenditures. We will not co-mingle Advertising Fees with other funds or accounts.

Franchisee Advisory Council. We may, in our sole discretion, establish a Franchisee Advisory Council (the “Council”). If we establish the Council, it will serve in an advisory capacity only. The Council may provide advice and guidance to us on System methods and franchisee compliance. We may include our management representatives, employees, you, and other franchisees in the System as Council members. We may modify or dissolve the Council at any time. If we establish a Council, the membership, policies and procedures will be determined by us. The recommendations of the Council are not binding on us. (See Franchise Agreement, Section 9(E)).

Regional Advertising Cooperatives. We have not established and do not currently plan to establish regional advertising cooperatives. However, we reserve the right to do so in the future.

Online Directories. You must list your Franchised Business on the Internet-based directories and booking platforms that we designate. These currently include Google Business Profile, Yelp for Business, and retail-specific booking platforms. You must maintain a dedicated telephone line for your Franchised Business that is not used for any other purpose.

Computer System: Hardware and Software Requirement and Related Disclosures

You must use certain brands, types, makes, and models of computer hardware and software for your Franchised Business that we specify in writing. Current requirements include: (i) one (1)

work laptop; (ii) one (1) tablet for in-shop point-of-sale and schedule management; (iii) one (1) credit card reader; (iv) internet and telephone kit; and (v) sound system.

We may also require you to use designated software in connection with the Computer System and Franchised Business (the “Required Software”), including business management software for appointment scheduling, client records, point-of-sale transactions, and inventory management for retail products. (Franchise Agreement, Sections 4(c) and 6(J)).

You must obtain our prior written approval of all hardware before you purchase or use it in your Franchised Business, and we reserve the right to require you to replace any hardware that does not meet our standards. You may not use any of this hardware for any purpose other than operating your Franchised Business in accordance with our standards and specifications.

You must acquire or license all of these items exclusively from our Approved Suppliers that we designate in writing from time to time, unless we provide prior written authorization for you to obtain specific items from alternative sources, which authorization we may grant or withhold in our sole and absolute discretion.

You are required to have computers for managing the business, for use as a training aid for your staff, for developing a database of your customers, maintaining communications over the Internet and to produce your accounting records. Your system and its software must properly communicate with our systems to permit report submission and to access the Internet for communicating with us. You will also need to purchase the business management software package and training programs that we specify. While we have researched the products available and are confident in our selection, we reserve the right to require utilization of new software solutions in the future. As shown in Item 7 of this Disclosure Document, you can expect to spend \$1,200 on the computer hardware, software and related training materials and equipment, and you can expect to spend approximately \$500 each year on optional or required maintenance, updating, upgrading or support of the equipment. We will have unrestricted access to your franchise's accounting system and all information contained in that system, subject to applicable data privacy laws and regulations. Neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades, or updates, and you acknowledge and agree that you are solely responsible for all such maintenance, repairs, upgrades, and updates at your own expense.

You will need a high speed internet connection to complement the computer system. We will have the right to, at any time and from time to time, electronically and independently connect with, access, and control your Computer System to monitor, retrieve, or analyze any and all data stored on the Computer System for purposes related to system operations, quality control, compliance monitoring, and franchise system management, provided that we will use commercially reasonable efforts to minimize disruption to your business operations and will comply with all applicable data privacy and security laws. There are no contractual limitations on our right to access, use, copy, transmit, or otherwise exploit the information and data on any component of your Computer System for purposes related to the franchise system and our business operations, and you hereby grant us an unlimited, perpetual, irrevocable license to use such information and data for any lawful purpose related to the franchise system, provided that we will comply with all applicable data privacy and security laws and regulations in our use of such information and data. Your system and its software must properly communicate with our systems to permit report submission and to access the Internet for communicating with us.

You must participate in any and all System-wide area computer networks, including any website that you are provided access to as our System franchisee, that we implement from time to time in our sole discretion. You must use such networks or website as we require, including but not limited to the following: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete certain components of any ongoing training we designate. (Franchise Agreement, 5(D)).

Website and Internet Use

Unless we approve otherwise in writing, you may not establish a separate Website and will only have one web page, as we designate and approve, within our website. You may request additional pages on our website beyond the initial subpage we create for you, and we will not charge you any additional fees for such additional pages, subject to our approval and compliance with our standards and specifications. The term “Website” includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, Instagram, Twitter, LinkedIn, Pinterest, Yelp, TikTok, blogs and other applications). You must comply with our requirements regarding selling, advertising, discussing or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve another Website for you (currently franchisees are authorized to participate in Facebook, Instagram, and may be authorized to participate in TikTok subject to our approval and guidelines), we will provide you with guidelines for establishing and maintaining such other Websites and while participating on our approved Websites each of the following provisions will apply: (i) you may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work (except for social networking sites) must be performed by us, our affiliates or approved vendors (as described in Item 8); (iii) you must not use or modify a Website (except for social networking sites) without our prior written approval; (iv) you must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; (v) if we require, you must establish hyperlinks to our website and other Websites; (vi) you must not engage in any link building activities unless approved by us; and (vii) we may revoke our approval at any time by providing written or email notice to you of such revocation. (Franchise Agreement, Section 9(G)).

ITEM 12 TERRITORY

Approved Premises and Relocation

You are authorized to operate only one Tijon Fragrance Lab business at a location that we have accepted within your Protected Territory as defined in your Franchise Agreement. You will provide product sales and perfume-making classes per the Tijon required model in your own location or in the residences or businesses in your territory that lie within your Protected Territory's borders.

You will not be permitted to relocate your Tijon Fragrance Lab business without our prior written approval, which may be withheld in our sole and absolute discretion. If approved, you will be assessed a relocation fee as specified in the Franchise Agreement.

Designated Territory

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.

Each territory will differ in size depending on local demographics, the population in the area and the foot traffic that often leads to customer interest. In most cases, your territory will include a population of at least 250,000. We use US Census data and other directories to assist in evaluating a territory. Your territory will be defined by zip codes, county or municipal boundaries, geographic or highway boundaries, or a radius from logical marketing areas.

You are prohibited from offering perfume-making classes within the Protected Territory of another franchisee.

We will determine and designate your Designated Territory as we deem appropriate in our sole discretion based on the factors described in this Item. We do not guarantee a minimum size for any Designated Territory, and the size may vary significantly based on location, demographics, and other factors. The boundaries of your Designated Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. The sources we use to determine the population and demographics within your Designated Territory may include publicly available information such as data published by the U.S. Census Bureau, other governmental agencies, and commercial demographic sources.

The size and shape of your Protected Territory will vary from the Protected Territory awarded to other franchisees due to various factors, including the location, population density, demographics, and foot traffic that often leads to customer interest. The boundaries of your Protected Territory may be described in terms of zip codes, county or municipal boundaries, geographic or highway boundaries, or a radius from logical marketing areas.

Neither we nor our affiliates will open or operate, or authorize any third party the right to open or operate, another site-based Tijon Fragrance Lab franchise within your Protected Territory, nor will we authorize others to offer or teach perfume-making classes therein without your express permission. We, and our affiliates, will not be permitted to conduct perfume-making classes within your Protected Territory.

Your Protected Territory will be protected as described above. You do not have to generate a minimum level of sales or market penetration to maintain your Protected Territory.

Except as expressly provided in the Franchise Agreement, you have no right to exclude, control, or impose conditions on the location or operation of present or future businesses using any other brands or marks that we now offer or may offer in the future (other than the Tijon Fragrance Lab Marks). We may operate or license businesses or distribution channels of any type (licensed, franchised, or company-owned) under different marks regardless of their location or proximity to your Tijon Fragrance Lab business, including within your Protected Territory, and whether or not

they provide products or services similar to those that you offer. This expressly includes our right to acquire, own, operate, or franchise competing businesses under different marks within your Protected Territory. You do not have any rights with respect to other or related businesses, products, or services under different marks in which we may be involved now or in the future.

Solicitation and Related Rights Within and Outside Your Protected Territory

You may provide the Approved Services to any client who visits or contacts your Location. However, you may not actively solicit or recruit clients outside your Designated Territory without our prior written consent. You may not advertise or promote your Franchised Business to customers outside your Designated Territory without our prior written consent. We will not unreasonably withhold consent if: (a) the area where you wish to advertise is contiguous to your Designated Territory, and (b) that area has not been granted to any third party under a Franchise Agreement or Development Agreement.

Development Agreement and Development Area

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.

If you are granted the right to develop multiple Tijon Fragrance Lab businesses under our form of Development Agreement, then we will provide you with a Development Area upon execution of this agreement.

The size of your Development Area will vary significantly from other developers' Development Areas based on: (a) the number of Tijon Fragrance Lab businesses we grant you the right to open and operate, and (b) the location and demographics of the area where we mutually agree you will open these Tijon Fragrance Lab businesses. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Data Sheet.

Each Tijon Fragrance Lab business you timely open and commence operating under our then-current form of franchise agreement will be operated from a distinct site located within the Development Area and within its own Designated Territory that we will define once the site for that Tijon Fragrance Lab business has been approved. We will approve sites for additional Franchised Businesses developed under your Development Agreement using our then-current site selection criteria.

We will not own or operate, or license a third party the right to own or operate, a Tijon Fragrance Lab business utilizing the Proprietary Marks and System from a physical location within the Development Area until the earlier of (a) the date we define the Designated Territory of the final Tijon Fragrance Lab business you were granted the right to operate under the Development Agreement, or (b) the expiration or termination of the Development Agreement for any reason (whichever occurs earlier).

Upon the occurrence of any one of the events described in the preceding paragraph, your territorial rights within the Development Area will be terminated, except that each Franchised Business that you have opened and are continuously operating as of the date of such occurrence will continue to

enjoy the territorial rights within their respective Designated Territories that were granted under the franchise agreement(s) you entered into for those Franchised Business(es).

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your exclusive rights within the Development Area. If you do not comply with your Development Schedule, we may remove your exclusivity in the Development Area or terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties.

Reserved Rights

We and our affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement: (i) establish and operate, and license any third party the right to establish and operate, other Locations and Franchised Businesses using the Proprietary Marks and System at any location outside of your Designated Territory(ies), provided that during the term of your Franchise Agreement we will not establish or authorize another Tijon Fragrance Lab franchise within your Protected Territory; (ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Designated Territory(ies) and Development Area; (iii) use the Proprietary Marks and System, other such marks we designate, to distribute our Approved Products and/or Approved Services in any alternative channel of distribution, within or outside the Designated Territory(ies) and Development Area (including, without limitation, the Internet and/or digital media featuring instruction, tutorials, and educational content, mail order, catalog sales, wholesale stores, e-commerce platforms, subscription boxes, etc.), including the right to sell products and services online within your Protected Territory; (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside your Designated Territory(ies) and, if appropriate, Development Area, including within your Protected Territory; and (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement and, if appropriate, your Development Agreement.

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

Other Relevant Disclosures

Neither the Franchise Agreement nor the Development Agreement gives you any right or option to open and operate additional Franchised Businesses (except as specifically provided in your Development Agreement if you are granted multi-unit development rights). Each Franchised Business you open must be governed by its own separate Franchise Agreement.

We have not established other franchises, company-owned outlets, or other distribution channels offering or selling similar products or services under a different trademark. Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that sell our Approved Products and Services under a different trade name or trademark. However, we reserve the right to do so in the future without your consent or approval.

You will not be given any option or right of first refusal to acquire any additional Franchised Businesses.

ITEM 13 TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use the Proprietary Marks in connection with the operation of your Franchise. We own the Proprietary Marks listed in the table below. We have the right to use and to license others to use the Proprietary Marks and any other trade names, trademarks, taglines, service marks, and logos currently used or that may be used in the future in the operation of the Location. You must use the Proprietary Marks only for the operation of your Franchise and only in the manner we authorize. You must not directly or indirectly contest our right to our trademarks, trade secrets, or business techniques that are part of our business.

The following trademarks are registered on the Principal Register of the United States Patent and Trademark Office:

Proprietary Mark	Registration No.	Registration Date
	2963323	June 21, 2005 Renewed: September 20, 2024

We have prepared and filed all required affidavits and other documents with the USPTO to maintain the federal registration above. The trademark has been renewed as indicated in the table above.

We also claim common law rights in our trademarks based on our prior use. If our right to use any of our Proprietary Marks is successfully challenged, you must modify or discontinue the use of such Proprietary Mark as we direct and change to an alternative trademark we designate, which may increase your expenses. Subject to the reimbursement provisions described below, you will be responsible for the costs associated with such changes.

No court, the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator has issued any determination affecting the Proprietary Marks. There are no pending infringement, opposition, or cancellation proceedings involving the Proprietary Marks, and no material litigation is pending.

No agreements exist that limit our right to license the trademarks to you. We are not aware of any superior prior rights or any infringing uses that could materially affect your use of the Proprietary Marks in operating your Franchised Business.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Proprietary Marks or claim by any person of any rights in any Proprietary Mark or any similar trade name, trademark or service mark of which you become aware. We have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding arising from such infringement or challenge. You agree to cooperate fully with us in any such proceeding and to execute any documents we reasonably request in connection therewith.

The Franchise Agreement does not obligate us to: (a) protect your right to use the Proprietary Marks; (b) participate in your defense if you are sued; (c) protect you against claims of infringement or unfair competition, including those arising from your use of the Proprietary Marks whether authorized or unauthorized; or (d) indemnify you for expenses or damages if you are a party to any judicial or administrative proceeding involving the Proprietary Marks, regardless of how the proceeding is resolved or the nature of your use. Although we have no contractual obligation to protect the Proprietary Marks or your right to use them, we currently intend, as a matter of company policy, to vigorously defend authorized uses of our then-current Proprietary Marks against third-party infringement claims. However, we reserve the right to change this policy at any time in our sole discretion.

If we decide, in our sole discretion, that it is advisable to modify or discontinue use of any Proprietary Mark, or to use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after we notify you in writing. If we require you to use a new or modified Proprietary Mark, you must, at your own expense: (a) remove all existing signs bearing the old mark from your Location; and (b) purchase and install new signs bearing the new mark. We may, in our sole discretion, offer to reimburse you for a portion of your tangible costs of compliance that have been pre-approved by us in writing in excess of \$10,000 (i.e., reprinting marketing materials), but we are under no obligation to provide such reimbursement. Except for any such discretionary reimbursement we may elect to provide, we will have no liability to you for any costs, expenses, or losses you incur as a result of any such modification, substitution, or discontinuation of any Proprietary Mark.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights. We have no pending patent applications that are material to the franchise. However, we claim copyright protection under common law and trade secret protection for several aspects of our System. These include: methods, techniques, and operational procedures; service packages; fragrance creation and blending techniques, perfume formulation methods, scent profiling and consultation techniques; equipment and product specifications; systems, design, décor, and signage; photographs, video presentations, and our website; our proprietary educational platform and proprietary software; our privately labeled mobile app platform; our Operations Manual and all related workbooks and materials; and advertising, marketing, and promotional materials. We have not registered most of these materials with the United States Copyright Office. These materials are proprietary and confidential. They are our property, and you may use them only as provided in your Franchise Agreement. We reserve the right to register any of these materials with the Copyright Office at any time and to renew any registrations at our discretion.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials. There are no effective agreements that limit our right to sublicense you the copyrights and trade secrets.

There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trade secret, copyright or to participate in your defense.

You must immediately notify us in writing if you become aware of: (a) any apparent infringement of our copyrighted materials or trade secrets; (b) any challenge to your use of our copyrighted materials or trade secrets; or (c) any claim by any person of rights in any copyright or trade secret that we use in the System. We have sole discretion to decide what action to take, if any, and we have the exclusive right to control any litigation, United States Copyright Office proceeding, or other administrative proceeding. We may require you to discontinue use of, or modify, any materials that we believe may infringe on the copyright, trade secret, or patent rights of any other person or business.

If we determine that it is necessary to modify or discontinue use of any copyrighted materials or trade secrets, or to use additional or substitute copyrighted materials or trade secrets, you must comply with our directions within a reasonable time after we provide you with written notice. We will not be liable to you for any costs, expenses, or losses you incur as a result of any such modifications or substitutions, except as may be required by applicable state law.

We possess certain confidential information (the "Confidential Information") that includes our strategies for finding and acquiring sites for perfume boutiques, our specifications for building out and designing locations with unique décor, color schemes and signage, and our proprietary service packages. Our Confidential Information also includes our fragrance creation and blending techniques such as perfume formulation methods, scent profiling techniques, fragrance consultation methods, and custom perfume creation processes. We have developed specific methods, processes and techniques for executing our fragrance services and perfume creation experiences. Our Confidential Information includes our relationships with vendors and suppliers of fragrance oils, essential oils, perfume bottles, packaging materials, and fragrance-related products, as well as our purchasing strategies and inventory management systems. We have specifications for all perfume blending stations, consultation areas, display fixtures, artwork, software vendors, signage, retail products, fragrance products, and tools used in our locations. Our cost and pricing strategies for fragrance services and products, merchandising approaches, and safety and sanitation procedures for managing perfume boutique operations are also part of our Confidential Information. We have developed guidelines for hiring, training and retaining perfumers, fragrance consultants, and other employees, along with proprietary employee retention programs. Our educational platform houses our video vault and proprietary training modules and courses, which include curriculum, lesson plans and workshops for perfumers and staff to complement your ongoing training efforts. Our Operations Manual, workbooks and materials, photographs, and video presentations are Confidential Information. We have proprietary community give back programs and customer recognition programs, as well as social media and promotional strategies. Our website, intranet system, and mobile app platform for appointment booking and customer management are confidential, as are our proprietary software, third party software, forms, contracts, and record keeping and reporting procedures. Our proprietary customer acquisition methods, onboarding processes and sales presentations are Confidential Information,

as are our systems and knowledge of, and experience in, the operation and franchising of a perfume boutique Location. We will disclose Confidential Information to you during our initial franchise training program, seminars, workshops, continuing education sessions and conventions sponsored by us, in our Operations Manual, and in guidance furnished to you during the term of your Franchise Agreement.

If you or your partners, members, managers, directors, shareholders, employees, agents or independent contractors develop any new piece of equipment, service, product, program, video presentation, photograph, concept, technique, process or improvement in the operation or promotion of your Business, you must promptly notify us in writing and provide us with all necessary related information. We will not compensate you for such developments. You acknowledge (and if you are an Entity, then your Owners acknowledge) that any such equipment, service, product, program, video presentation, photograph, concept, process or improvement will become our sole and exclusive property. We may use or disclose such information to other franchisees or third parties as we determine appropriate. This assignment of intellectual property rights applies only to developments that relate to or are derived from our System, Confidential Information, or the operation of the Franchised Business.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We do not require that you personally supervise the Franchised Business. However, the Franchised Business must be directly supervised, on a day-to-day basis, by you or a manager (the "Designated Manager") who has successfully completed our Initial Training Program to our satisfaction within 30 days of accepting the responsibilities of manager. The Designated Manager may not have an interest in or business relationship with any of our business competitors. The Designated Manager need not have an ownership interest in the Franchised Business if you are operating as a corporation or partnership.

The Designated Manager must sign a written agreement to maintain the confidentiality of our trade secrets and proprietary information described in Item 14 of this Disclosure Document and to conform with the covenants not to compete described in Item 17 of this Disclosure Document.

Upon the death or permanent disability (as reasonably determined by an independent third party such as a licensed medical doctor) of any Owner of a controlling interest in your Franchised Business or the trained Designated Manager, a new Designated Manager must be hired and will have 90 days to complete the Initial Training Program to our satisfaction.

Each individual who owns a 5% or greater interest in the franchise entity must sign a Personal Guaranty (the "Guaranty"), assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those products and services that we have approved for sale at Tijon perfume franchises ("Approved Products" and "Approved Services"). We require you to offer and

sell all types of products and services specified in our Operations Manual and Policy Manual. You may offer and sell these Approved Products and Approved Services only at your Franchised Business location and in the manner prescribed in the Franchise Agreement, Operations Manual, and Policy Manual. You are prohibited from offering or selling any other products or services at or from your Franchised Business without our prior written approval.

We have the right to add to, delete from, or otherwise modify the Approved Products and Approved Services at any time and from time to time in our sole discretion. We also may change the System standards and specifications associated with the products and services you offer and sell. There are no limitations on our right to make these changes. We will communicate changes to you in writing, which may include updates to our Operations Manual, Policy Manual, or other written communications.

If we discontinue any Approved Product or Approved Service, you must cease offering and selling such product or service within the time period we specify in our written notice to you. You may not use your Franchised Business location for any purpose other than the operation of your Tijon perfume franchise.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document. “FA” refers to the Franchise Agreement.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Length of the Franchise Term.	§8(a)	10-year initial term from Effective Date.
b. Renewal or extension of the term.	§8(b)	Unlimited 10-year renewals at Franchisee's election if conditions in (c) are met.
c. Requirements for you to renew or extend	§8(b)(i)–(v)	(i) substantial compliance; (ii) 90–180 day notice; (iii) sign new then-current franchise agreement and general release; (iv) pay renewal fee (10% of IFF then charged) at least 30 days before expiry; (v) renovate to then-current standards.

d. Termination by you.	§9(a)	Franchisee may not terminate during the term. May decline to renew at end of any 10-year term.
e. Termination by us without cause.	N/A	Not applicable.
f. Termination by us with cause.	§9(b)	14 enumerated grounds for termination by Franchisor.
g. “Cause” defined – curable defaults.	§9(b) cure	7-day cure: failure to pay fees (i) or submit reports (ii). 30-day cure: operational (iii), law violations (iv), good practices (v), confidentiality (x), refurbishment (xiv).
h. “Cause” defined – non-curable defaults.	§9(b) no cure	No cure: unauthorized transfer (vi), abandonment/failure to open (vii), training failure (viii), false statements (ix), non-compete violation (xi), bankruptcy events (xii), 2 or more violations in 12 months (xiii).
i. Your obligations on termination/ non-renewal	§10(a)(i)–(xi)	Pay all amounts due plus liquidated damages (avg monthly royalty multiplied by 36 or remaining months, whichever less) if breach; cease use of Marks; return materials; cancel assumed name registrations; comply with confidentiality in perpetuity; cease operations; reassign phone/URLs; submit customer database; offer fair market value purchase option.
j. Assignment of contract by us.	§11(c)	Franchisor may freely assign without consent.
k. “Transfer” by you – defined	§11(a)	Transfer includes any sale/assignment of assets or ownership interest, including a 10% or more ownership or any change in control.

l. Our approval of transfer by you.	§11(a)	Franchisor approval required; consent may be withheld in sole and absolute discretion.
m. Conditions for our approval of transfer.	§11(b)	Pay all amounts owed; pay transfer fee; transferee signs then-current FA; training completed; Franchisee and guarantors sign general release; transferee meets current franchisee standards.
n. Our right of first refusal to acquire your Business.	§11(e)	10-day window to match third-party offer; 45 days to close if exercised.
o. Our option to purchase your business.	§10(a)(xi)	Franchisor option to purchase assets at fair market value on termination/expiration.
p. Your death or disability.	§11(f)	Personal representative has 6 months to dispose of interest; Franchisor consent not unreasonably withheld for transfers to spouse/heirs.
q. Non-competition covenants during the term of the Franchise.	§15(b)	No competing retail perfumery within 50-mile radius of Protected Territory or any other Tijon location, for full term.
r. Non-competition covenants after the franchise is terminated or expires.	§15(b)	For 2 years after termination or expiration, Franchisee and Guarantors shall not engage in a retail perfumery business within a 50-mile radius of the Protected Territory or any other Tijon location. Violation triggers liquidated damages equal to average monthly royalty multiplied by 36. Subject to state law.
s. Modification of the Agreement.	§16	No amendment binding unless in writing signed by party to be charged. Franchisor may unilaterally modify Manuals and System Standards.

t. Integration/ merger clause.	§16	Any representation or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation.	§18(a),(b),(c)	Mandatory non-binding mediation (AAA, Tucson) for all claims except: non-payment, falsification, abandonment, trademark, non-compete. Then binding AAA arbitration (Commercial Rules, single arbitrator, Tucson). Injunctive relief preserved without bond.
v. Choice of forum.	§§18, 20	Pima County Superior Court or U.S. District Court, District of Arizona.
w. Choice of law.	§20	Arizona law, without conflict of laws principles.

B. Development Agreement

<u>Provision</u>	<u>Section in Development Agreement</u>	<u>Summary</u>
a. Length of franchise term	§1(B), Exhibit B	The Development Schedule will dictate the amount of time you have to open a specific number of System franchises, which will differ for each Developer and will be specified in Exhibit B of the Development Agreement.
b. Renewal or extension of terms	Not Applicable	Not Applicable
c. Requirements for Franchise to Renew or extend	Not Applicable	Not Applicable
d. Termination by Franchisee	§14(E)	Except as required by applicable state law, Developer may not terminate the Development Agreement prior to expiration without Franchisor's written consent.
e. Termination by Franchisor without cause	Not Applicable	Not Applicable

f. Termination by Franchisor with cause	§14	We may terminate your Development Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g. Cause defined – Curable defaults	§14(B)	We may terminate your Development Agreement after providing notice and a 30-day cure period (unless a different cure period is specified below) if: you fail to meet the Development Schedule; you fail to develop, open, and operate each Location and execute each Franchise Agreement in compliance with the Development Agreement; you fail to designate a qualified replacement Representative; you misappropriate or misuse the Proprietary Marks or impair the goodwill of the Proprietary Marks or System; fail to make monetary payment under the Development Agreement or any Franchise Agreement to us or our affiliate, and fail to cure within 14 days of receiving written notice from us; fail to correct a deficiency of a health, sanitation, or safety issue identified by a local, state or federal agency or regulatory authority; or you fail to comply with any other material term or material condition of the Development Agreement or any Franchise Agreement.
h. Cause defined – Non-curable defaults	§14(A)	We may terminate your Development Agreement automatically upon written notice if: you become insolvent or make a general assignment for the benefit of creditors; file a bankruptcy petition or are adjudicated bankrupt; a bill in equity or appointment of receivership is filed in connection with you; a receiver or custodian of your assets of property is appointed; a

		proceeding for a composition of creditors is initiated against you; a final judgment is entered against you and not satisfied within 30 days; if you are dissolved, execution is levied against you; a suit to foreclose any lien or mortgage against any of your Locations is levied; the real or personal property of a Location is sold after being levied upon; you fail to comply with the non-competition covenants of the Development Agreement; you or your principal discloses the contents of the Manuals or other confidential information; an immediate threat or danger to public health or safety results from the operation of a Location operated by you; you or your Principal has made a material misrepresentation in the franchise application; you fail on 3 or more occasions within a one (1) year period to comply with a provision of the Development Agreement; or you fail to comply with the transfer conditions of the Development Agreement.
i. Franchisee's obligations upon termination/nonrenewal	§14(D), §15	Upon termination, you have no right to establish or operate any Location for which an individual Franchise Agreement has not been executed by us and delivered to you at the time of termination. All of your obligations under the Development Agreement which expressly or by their nature survive the expiration or termination of the Agreement (including the non-competition covenants of Section 11), continue in full force and effect until they are satisfied or by their nature expire.
j. Assignment of contract by franchisor	§16(A)	We have the absolute right to transfer or assign the Development

		Agreement and all or any part of its rights, duties or obligations to any person or legal entity without your consent.
k. “Transfer” by Franchisee – Definition	§16(B)	A transfer includes voluntarily, involuntarily, directly or indirectly, assigning, selling, conveying, pledging, sub-franchising or otherwise transferring any of the rights created by the Development Agreement or any ownership interest in you.
l. Franchisor approval of transfer	§16(C)	We must approve all transfers in advance. We will not unreasonably withhold our approval if you satisfy all of the conditions described in subsection (m) below.
m. Conditions for Franchisor approval of transfer	§16(C)	Our conditions for approving a transfer include: all of you and your affiliates’ money obligations must be satisfied; you and your affiliates must not be in material default of the Development Agreement or any Franchise Agreement; you must execute a general release in our favor; the transferee must meet our then-current criteria for Developers; the transferee must sign a written assumption agreement assuming your liabilities under the Development Agreement; you must pay our then-current Transfer Fee per franchise being transferred; and you must pay any referral fees or commissions that may be due to any franchise broker, sales agent, or any other third party.
n. Franchisor’s Right of First Refusal to acquire Franchisee’s business	§16(E)	Except in certain circumstances (death/disability or transfer from individual franchisee to business entity), you must provide us with a period of 30 days to match any third-party offer to purchase any ownership interest in the

		Development Agreement. If we do not exercise this right, then you will have 60 days to effectuate the transfer to the third party that made the offer on those exact terms – if the transfer does not occur or the proposed terms of the offer change in any way, then we will have another 30 days to exercise our right of first refusal.
o. Franchisor's option to purchase Franchisee's business	Not Applicable	Not Applicable
p. Death or disability of Franchisee	§16(F)	You will have a period of 180 days to find a suitable legal representative that we approve to continue the operation of your Franchised Business, provided that person completes our training program in Arizona and executes either a personal guaranty or a new Development Agreement. During this 180 day period, we may step in and operate the Franchised Business on your behalf and pay ourselves a reasonable amount to reimburse our costs associated with this operation on your behalf. We are not under any obligation to step in and operate your business during this period.
q. Non-competition Covenants during the term of the Franchise	§11(B)(1)	Neither you, your principals, guarantors, owners or key employees, nor any immediate family member of you, your principals, guarantors, owners or key employees, may: (i) own, operate, or otherwise be involved with, any Competing Business (as defined in the Development Agreement); (ii) employ or seek to employ any employees of us, our affiliates or any other System franchisee/developer or induce such persons to leave their

		employment; or (iii) solicit or attempt to solicit any customer or prospective customer to a Competing Business.
r. Non-competition covenants after the Franchisee is terminated or agreement expires	§11(B)(2) §11(B)(3)	For a period of two (2) years after the termination/ expiration/ transfer of your Development Agreement, neither you, your principals, guarantors, owners, nor any immediate family member of you, your principals, guarantors, owners, may own, operate or otherwise be involved with any business that competes with us and is involved in the licensing or franchising, or establishing of joint ventures for the operation, of Competing Businesses. (Subject to state law) For a period of two (2) years after the termination or expiration of your Development Agreement, neither you, your principals, guarantors, owners, nor any immediate family member of you, your principals, guarantors, owners, may own, operate or otherwise be involved with any Competing Business: (i) within the Development Area; (ii) within a 50-mile radius of your Development Area or any other Location that is open or under development as of the date the Development Agreement expires or is terminated. During this two-year period, these parties are also prohibited from: (i) soliciting business from customers of your former Locations; (ii) contacting any of our suppliers/vendors for a competitive business purpose; or (iii) soliciting any employees of us, our affiliates or any other System

		franchisee or developer to discontinue their employment. (Subject to state law)
s. Modification to agreement	§23(F)	Your Development Agreement may not be modified, except by a writing signed by both parties.
t. Integration merger clause	§23(G)	Any representation or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable
u. Dispute resolution by arbitration or mediation	§21(B)	Mandatory non-binding mediation (AAA, Tucson) for all claims except: non-payment, falsification, abandonment, trademark, non-compete. Then binding AAA arbitration (Commercial Rules, single arbitrator, Tucson). Injunctive relief preserved without bond.
v. Choice of forum	§21(A)	Subject to Sections 21(B) and 21(C) in the Development Agreement, all claims and causes of action arising out of the Development Agreement must be initiated and litigated to conclusion (unless settled) in the state court of general jurisdiction in Arizona that is closest to our then-current headquarters or, if appropriate, the USDC for the District of Arizona (or the district where our then-current headquarters is located, if different) (subject to state law).
w. Choice of law	§21(A)	The Development Agreement is governed by the laws of the state of Arizona without reference to this state's conflict of laws principles. (subject to state law).

ITEM 18 PUBLIC FIGURES

We currently 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.

Except as set forth below, we do not furnish nor authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Tijon Fragrance Lab franchise.

The information set forth below is based upon the actual revenue reported by our franchisees on their royalty statements. These figures represent historical results of specific franchised outlets and should not be considered as a guarantee or projection of what your franchise will achieve.

A. Established Franchised Outlets — Annual Revenue

The following tables reflect annual revenue for franchised outlets that were open and operating for all or substantially all of the applicable fiscal year.

Charleston, South Carolina

Period	Revenue
Year 1 (July 2021 – June 2022)	\$278,206
Year 2 (July 2022 – June 2023)	\$395,771
Year 3 (July 2023 – June 2024)	\$525,883
Year 4 (July 2024 – June 2025)	\$701,790

Note: The Charleston franchise operates on a fiscal year beginning in July. Year 1 revenue reflects the first full year of operation.

St. Martin

Note: The St. Martin franchise is located outside the United States.

Calendar Year	Revenue
2022 (Jan–Dec)	\$239,780
2023 (Jan–Dec)	\$254,539
2024 (Jan–Dec)	\$197,459 *

Calendar Year	Revenue
2025 (Jan–Dec)	\$154,874 **

* Outlet closed approximately 2 months during the 2024 calendar year for the holiday season.

** Outlet closed approximately 2 months during the 2025 calendar year for a remodel to downsize the shop.

New Orleans, Louisiana

NOTE: The majority of shares owned at the New Orleans franchised location during the period below are also shareholders of the Franchisor.

Calendar Year	Revenue	Net Profit
2023 (Jan–Dec)	\$730,928	\$261,082
2024 (Jan–Dec)	\$797,902	\$279,090
2025 (Jan–Dec)	\$806,893	\$295,465

Note: Net profit figures are as reported by the franchisee and have not been independently verified by the Franchisor. Net profit is defined as revenue less cost of goods sold, rent, labor, royalties, advertising fees, and other operating expenses as reported by the franchisee.

B. Franchises That Opened in 2025 — Year to Date Revenue Through December 31, 2025

The following franchises opened during 2025. For each location, we present two figures: (1) the revenue for the first full calendar month of operation only, and (2) the cumulative year-to-date revenue from the date of opening through December 31, 2025. These figures do not represent a full year of operation and should not be used to project annual revenue. Partial-year figures are not comparable to the annual figures presented for established outlets in Section A above.

Location	Opening Month	First Full Month Revenue	Year to Date Revenue (through December 31, 2025)
Miami, Florida	February 2025	\$38,019	\$422,460
Houston, Texas	March 2025	\$22,000	\$413,328
Tampa, Florida	March 2025	\$40,807	\$365,614
Pensacola, Florida	June 2025	\$41,637	\$266,499
Key West, Florida	June 2025	\$12,948	\$96,879
Nashville, Tennessee	July 2025	\$8,118	\$80,718
Phoenix, Arizona	August 2025	\$21,019	\$74,747
Atlanta, Georgia	October 2025	\$3,893*	\$37,723

* The Atlanta, Georgia location operated on a part-time basis during the period reported.

Important notes regarding Section B figures:

1. First full month revenue figures represent the first complete calendar month after opening. New openings may experience elevated or suppressed revenue relative to their long-term average due to grand opening promotions, initial consumer interest, or the time required to build a local customer base. You should not rely on first-month figures to project future annual revenue.
2. Year-to-date revenue figures represent cumulative gross revenue from each outlet's opening date through December 31, 2025. Because these locations opened at different points throughout 2025, the number of months of operation included in each figure varies significantly and the figures are therefore not directly comparable to one another or to the full-year figures in Section A.
3. The period of operation for each location ranges from approximately 2 months (Atlanta) to approximately 11 months (Miami and Houston). Longer operating periods naturally produce higher cumulative totals.

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

We will provide you with written substantiation for the financial performance representations in this Item 19 upon your reasonable request.

If you are purchasing an existing outlet, we may provide you with the actual records of that outlet.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting John Berglund, Tijon Fragrance Lab Franchising, Inc. , 4757 North Wolford, Tucson, AZ 85749, or at 520-484-5728, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
System wide Outlet Summary
For Fiscal Years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	4	4	0
	2024	4	4	0
	2025	4	12	+8
Company-Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	2023	4	4	0
	2024	4	4	0
	2025	4	12	+8

Table 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Fiscal Years 2023 to 2025

State	Year	Number of Transfers
AZ	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

Table 3
Status of Franchise Outlets
For Fiscal Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
AZ	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
FL	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	4	0	0	0	0	4
GA	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
LA	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
MD	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
SC	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
TN	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
TX	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
St. Martin	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Totals	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	8	0	0	0	0	12

Note: One of our South Carolina franchisee's operates in Tennessee.

Table 4
Status of Company-Owned Outlets
For Fiscal Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
AZ	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Total	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Table 5
Projected Openings
As of December 31, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
California	0	1	0
Florida	2	2	0
Georgia	1	1	0
Nevada	2	1	0
Wisconsin	1	1	0
Dominican Republic	1	1	0
Totals	8	8	0

A list of the names of all Franchisees and the addresses and telephone numbers of their respective franchised Locations are listed as Exhibit F to this Disclosure Document. A list of the name and last known home address and telephone number of every Franchisee who has had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our past fiscal year, or who has not communicated with us

within 10 weeks of the issuance date of this Disclosure Document, is also attached as part of Exhibit F.

If you buy this franchise, your contact information may be disclosed to other buyers while you are a franchisee and when you leave the franchise system. During the last three fiscal years, no franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchised system.

ITEM 21 FINANCIAL STATEMENTS

Our audited financial statements dated as of the fiscal year ends 2023, 2024 and 2025 are attached to this Disclosure Document as Exhibit H. Our fiscal year end is December 31.

ITEM 22 CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement - Exhibit A

Development Agreement – Exhibit B

State-Specific Addendum (if applicable) – Exhibit D

ITEM 23 RECEIPTS

A receipt in duplicate is attached to this Disclosure Document as Exhibit J. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to us at: Attn: John Berglund at 4757 North Wolford, Tucson, Arizona 85749 or call 520-484-5728.

EXHIBIT A
To Franchise Disclosure Document

TIJON FRAGRANCE LAB FRANCHISING, INC.
FRANCHISE AGREEMENT

TIJON FRAGRANCE LAB FRANCHISING, INC.
FRANCHISE AGREEMENT

AGREEMENT made this _____ by and between Tijon Fragrance Lab Franchising, Inc., an Arizona Corporation, having its principal place of business at 4757 North Wolford, Tucson, Arizona 85749 (hereinafter referred to as "Franchisor") and _____ of _____ in the State of _____ (hereinafter referred to as "Franchisee").

WHEREAS, Franchisor has acquired experience, skills and knowledge with reference to the development, opening and operation of a perfumery selling a wide variety of custom perfumes and colognes and conducting entertaining perfume-making classes under the Tijon Fragrance Lab logo; and

WHEREAS, Franchisor is the owner of the right, title and interest in and to certain trademarks, service marks, trade names, logos, and other commercial symbols, including the trademark "Tijon", and such other marks as Franchisor may develop and use in connection with the System (collectively, the "Proprietary Marks" or "Marks"); and

WHEREAS, Franchisor has developed a distinctive system (the "System") for operating a perfumery business, which includes proprietary business techniques, formularies, lesson plans, product lines, operational procedures, quality standards, and specifications; and

WHEREAS, Franchisee desires to obtain from Franchisor a franchise to operate a Tijon Fragrance Lab business from one location and in connection therewith to use the Proprietary Marks, to employ the System, and to benefit from Franchisor's experience and knowledge;

NOW, THEREFORE, the parties hereto, in consideration of their mutual promises herein contained, and for other good and valuable consideration acknowledged by them to be adequate, do hereby agree as follows:

1. APPOINTMENT

- a. Franchisor hereby grants unto Franchisee and Franchisee hereby accepts a non-exclusive, non-transferable, revocable right, license and privilege to use and benefit from the System and the Proprietary Marks in the operation of a single Tijon Fragrance Lab business under the conditions hereinafter set forth, subject to termination as provided in this Agreement. Franchisor further grants to Franchisee the right to operate its business only from an approved location within the Protected Territory described in Addendum A. This license is personal to Franchisee and may not be assigned, transferred, or sublicensed without Franchisor's prior written consent, which Franchisor may withhold in its sole and absolute discretion.

You are hereby granted a Tijon Fragrance Lab Franchise, a Retail Store in a stand alone commercial structure, a strip shopping center or a mall;

Franchisee is granted the right to operate a retail perfumery selling a wide variety of custom perfumes and colognes In addition, Franchisee will offer customers entertaining perfume-making classes in a variety of workshops in the store or offsite within its protected territory pursuant to Tijon's Trade Secrets which is described in detail in Tijon's Operations or Policy Manual.

The term "franchise" as used herein shall mean either the right, license or privilege so granted hereunder, or the business to be operated by Franchisee, or both, as the context would so dictate.

Franchisee acknowledges that it has no rights to use any of the Marks or any part of the franchised system anywhere other than from sites within Franchisee's Protected Territory described herein, and Franchisor may license to others, or use the Marks itself, outside of the franchisee's Protected geographical Territory in any manner it chooses, in its sole discretion.

So long as Franchisee is in full compliance with this Agreement, Franchisor will not establish other site-based franchises or company-owned businesses operating a perfumery retailing perfumes and colognes and providing perfume-making classes, under the Tijon Fragrance Lab marks or under a different trade name or trademark in Franchisee's Protected Territory. Franchisor retains the right to sell the rights to use the Tijon Fragrance Lab name for other uses in any area outside of franchisee's Protected Territory.

- b. Subject to availability and Franchisor's sole discretion, Franchisee may be granted the opportunity to purchase additional franchises operating under the same business model, at a rate of eighty-five percent (85%) of the then-current initial franchise fee being charged to new franchisees at the time of Franchisee's purchase, provided that: (i) Franchisee is in full compliance with all terms of this Agreement and any other agreements between Franchisor and Franchisee; (ii) Franchisee is not in default under any such agreement; (iii) Franchisee has successfully operated the initial franchise for at least twelve (12) months; and (iv) Franchisee executes Franchisor's then-current form of franchise agreement for the additional franchise, which may contain materially different terms than this Agreement.

2. SITE SELECTION AND PROTECTED TERRITORY

Franchisee must operate the franchised business from a single approved location within the Protected Territory as defined in Addendum A. The location must be a commercial site that has been accepted by Franchisor in writing prior to Franchisee executing any lease or purchase agreement for such site. The location must comply with all applicable federal, state, and local laws, ordinances, building codes, and regulations. Franchisee may not relocate the franchised business without Franchisor's prior written consent, which Franchisor may withhold in its sole and absolute discretion. Any approved relocation shall be subject to payment of a relocation fee of \$5,000, execution of any required amendments to this Agreement, and satisfaction of all site selection and approval requirements set forth in this Agreement.

Franchisee is free to market Tijon Fragrance Lab products and teach classes only within its Protected Territory. The franchisee must operate from one site (approved by the Franchisor) which is dedicated to retailing Tijon perfumes and teaching classes in how perfumes are created.

Franchisee may also offer classes and retail sales off site but within its Protected Territory provided that site is not a permanent location of Tijon.

Franchisee may not advertise in telephone directories, print directories, or similar media that target areas outside of Franchisee's Protected Territory, nor establish mailing addresses for the franchised business or make other representations to potential customers that would lead others to believe that Franchisee has facilities or authorization to operate outside of its Protected Territory. Franchisee may engage in internet and social media advertising only in accordance with Franchisor's social media and internet policies as set forth in the Operations Manual, provided

that: (i) all such advertising complies with Franchisor's brand standards and receives Franchisor's prior written approval; (ii) Franchisee does not use paid advertising to target geographic areas outside the Protected Territory; (iii) Franchisee does not make claims of serving areas outside the Protected Territory; (iv) Franchisee uses geo-targeting and other available tools to limit advertising reach to the Protected Territory where reasonably possible; (v) Franchisee does not bid on or purchase search engine keywords, domain names, or social media handles that include the Proprietary Marks or variations thereof without Franchisor's express written consent; and (vi) Franchisee immediately removes or modifies any internet or social media content upon Franchisor's request. Franchisor reserves the right to require Franchisee to take down any internet or social media presence that does not comply with Franchisor's standards. All internet and social media advertising is subject to Franchisor's prior written approval as specified in the Operations Manual, and Franchisor may revoke such approval at any time.

3. INITIAL FRANCHISE FEE AND RELATED CHARGES

In consideration of the franchise and rights granted to Franchisee herein, Franchisee shall pay to Franchisor an Initial Franchise Fee of \$39,750 for the rights to develop and operate one Tijon Fragrance Lab franchise within the Protected Territory as defined in Addendum A. Payment of this fee must be made in a lump sum when Franchisee signs this Agreement. The Initial Franchise Fee shall be fully earned by Franchisor upon execution of this Agreement and is non-refundable under any and all circumstances, including but not limited to Franchisee's failure to open the franchised business, termination of this Agreement for any reason (including termination by Franchisor for Franchisee's default or breach), Franchisee's dissatisfaction with the franchise, Franchisee's voluntary termination, force majeure events, changes in law or regulation, or any other reason whatsoever. Franchisee acknowledges that the Initial Franchise Fee compensates Franchisor for the opportunity costs of granting the franchise, administrative and legal expenses, and lost opportunities to franchise the Protected Territory to others, all of which are incurred by Franchisor upon execution of this Agreement.

4. OBLIGATIONS OF THE FRANCHISOR

Franchisor hereby agrees to do the following:

- a. Training. Franchisor will conduct or arrange for the following training programs for Franchisee:
 - (i) "Tijon Fragrance Lab Academy" This 5-day long program covers basic management and operation of a Tijon Fragrance Lab business and is conducted at the Tijon location in New Orleans, LA or other locations as determined by the Franchisor. Only Franchise owner(s) and Franchise General Managers may attend this program. Franchise General Managers shall not function in such capacity without having successfully completed such training program prior to assuming their duties or within thirty (30) days of hire or engagement, whichever is sooner. Franchisee must obtain Franchisor's prior written approval before permitting any individual to serve as General Manager. "Franchise owner(s)" shall mean all partners, all shareholders holding at least five percent (5%) of outstanding shares, all officers, all members, and all proprietors of the Franchisee entity, as the case may be, according to the type of franchise business organization. Franchisor may, in its sole and absolute discretion, waive training requirements for passive investors holding less than ten percent (10%) ownership interest upon written request demonstrating such investor has

no operational involvement and no management authority. Any such waiver may be conditioned upon execution of a written acknowledgment that the investor will have no operational role and will not interfere with franchise operations. Franchisor reserves the right to revoke any waiver and require training if the investor's role changes or if Franchisor determines training is necessary. The training program must be successfully completed prior to commencement of the franchise business. Failure by Franchisee (or its designee) to successfully complete such program shall constitute a material breach of this Agreement and shall result in termination of this Franchise Agreement, with the Initial Franchise Fee remaining non-refundable. Each Franchisee shall have the right to enroll two (2) people in this school at no additional charge beyond the Initial Franchise Fee. The fee for training more than two owners or managers is currently One Thousand Five Hundred Dollars (\$1,500) per attendee. Franchisor reserves the right to increase training fees at any time upon thirty (30) days' written notice to Franchisee, and any such increase shall apply to all training sessions scheduled after the notice period. Franchisee acknowledges that training fees may increase annually to reflect inflation, increased costs, or program enhancements.

The duration, location, content, format (including whether conducted in-person, virtually, or in a hybrid format), and scheduling of the training programs are established by the Franchisor and may be modified, including any fees, in the sole and absolute discretion of the Franchisor at any time without prior notice to Franchisee. If Franchisee seeks to have additional managers trained in excess of the limits stated above, they must be approved by Franchisor and the applicable training fees must be paid in advance. Travel, accommodations, payroll, worker's compensation insurance and related expenses for all persons attending any of Franchisor's training courses shall be borne solely by Franchisee.

- (ii) **Advisory Service.** Franchisor may, in its sole discretion, provide a continuing advisory service which may include, but is not limited to, guidance regarding retailing, classroom teaching techniques, consultation on supplies and inventory selection, sales, marketing, business or technical matters, and analysis of Franchisee's key business ratios. Franchisor's provision of such advisory services shall not create any fiduciary duty, partnership, joint venture, employment, or agency relationship between Franchisor and Franchisee, and Franchisee acknowledges that all business decisions remain solely Franchisee's responsibility. Franchisee further acknowledges that any advice or guidance provided by Franchisor is general in nature and may not be suitable for Franchisee's specific circumstances. Franchisee agrees to consult with its own legal, financial, and business advisors before making any significant business decisions and agrees not to rely solely on Franchisor's advice. Franchisor shall have no liability for any business decisions made by Franchisee, whether or not based on Franchisor's advice or guidance. Franchisor may, in its sole discretion, offer additional training programs and establish prerequisites, qualifications, fees, and enrollment limits for those seeking to enroll in any such additional training course. Franchisor reserves the right to cancel, reschedule, or modify any training program with reasonable notice. Franchisor may, but is not obligated to, furnish Franchisee with certain training aids, materials, or resources for Franchisee to provide basic training to Franchisee's

personnel. Any such materials remain Franchisor's Confidential Information and proprietary property, must be used solely for training Franchisee's personnel in connection with the franchised business, and must be returned to Franchisor or destroyed upon request or upon termination or expiration of this Agreement. Franchisee shall not copy, distribute, or disclose such materials to any third party without Franchisor's prior written consent.

- (iii) Franchisor may, in its sole discretion, provide a competency examination to test the knowledge and skills in any of the above areas of expertise. A candidate achieving a passing score as determined by Franchisor (currently set at seventy-five percent (75%) but subject to change in Franchisor's discretion) shall be deemed to have satisfied the training requirement for purposes of this Agreement. Franchisor reserves the right to require retesting or to require attendance at the full training program if, in Franchisor's sole and absolute judgment, the examination results or Franchisee's subsequent performance indicates inadequate knowledge or skills. Franchisee shall pay all applicable training fees for any required retesting or retraining. The examination option does not guarantee equivalency to hands-on training, and Franchisor may limit or eliminate this option at any time.
- b. Operations Material. Franchisor will make available, at no additional cost to Franchisee, its confidential Operations Manuals and training material together with any revisions or amendments thereto which may be made by Franchisor from time to time during the term of this Agreement. Franchisor will maintain a proprietary learning system and provide access to said system for Franchisee, its staff and qualified students. Franchisor will regularly review new products and services for Franchisee to deliver to its customers and will communicate such approved products and services to Franchisee through the Operations Manual or other written communication. Franchisor may, in its sole discretion, hold an annual convention for Franchisees to attend in order to gain additional knowledge in the industry. Franchisee may be charged a fee to attend said convention, not to exceed \$1,500 per attendee, and will be responsible for its own travel and lodging expenses while attending such convention.
- c. Approved Products. Any materials, chemicals, containers, curricula, teaching materials or other products that are used within the Franchisee's business or sold to customers, if not provided by Franchisor must be approved by Franchisor, in writing, before use.
- d. Site Selection. Subject to Section 2, Franchisee shall be responsible for researching its local market to find one or more potential sites for its Tijon franchise on criteria as established by Franchisor. Franchisor will advise Franchisee in the selection of a suitable territory, determining the best site for the business, whether a home-office or a commercial location, and provide lists of approved equipment, teaching aids, and supplies for the franchised business. Whether Franchisee chooses to own or rent from others, Franchisor will review details of the location as to suitability and accept or not accept the chosen site within 20 days of notification of Franchisee's preference. The ultimate decision of where to locate its Tijon Fragrance Lab business is the responsibility of Franchisee. Franchisor makes no representations or warranties regarding the suitability or potential success of any site, and Franchisor's approval of a site shall not constitute a representation, warranty, or guarantee regarding the site's suitability or potential for success. Franchisee acknowledges that Franchisor's approval is limited solely to whether

the site meets Franchisor's then-current site criteria and standards. Franchisee is responsible for researching local ordinances and building codes.

- e. **Promotion.** Subject to this Agreement, Franchisor agrees to provide advice and training in methods for selling, advertising, promoting and developing the franchised business. From time-to-time Franchisor may, in its sole discretion, develop marketing materials and newsletters to assist Franchisee in promoting its Tijon Fragrance Lab products and services. Franchisor may make such materials available to Franchisee for purchase at Franchisor's then-current prices, or Franchisee may purchase similar materials from vendors approved by Franchisor in writing. If the Franchisor elects to establish an Advertising Fee, it will assist those charged with administering the Fee with developing advertising promotions and materials.
- f. **Website Customization.** Franchisor will add Franchisee's contact information to Franchisor's website a minimum of 15 days prior to the date scheduled by Franchisee to open for business. Unless Franchisor approves otherwise in writing, Franchisee may not establish a separate Website and will have one web page, as Franchisor designates and approves, within Franchisor's website. Franchisee may request additional pages on Franchisor's website at no additional cost, subject to Franchisor's approval. The term "Website" includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, Instagram, Twitter, LinkedIn, Pinterest, Yelp, TikTok, blogs and other applications). Franchisee must comply with Franchisor's requirements regarding selling, advertising, discussing or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If Franchisor approves another Website for Franchisee (currently franchisees are authorized to participate in Facebook, Instagram, and may be authorized to participate in TikTok subject to Franchisor's approval and guidelines), Franchisor will provide Franchisee with guidelines for establishing and maintaining such other Websites and while participating on Franchisor's approved Websites each of the following provisions will apply: (i) Franchisee may neither establish nor use any Website without Franchisor's prior written approval; (ii) before establishing any Website, Franchisee must submit to Franchisor, for Franchisor's prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner Franchisor may require and all such work (except for social networking sites) must be performed by Franchisor, Franchisor's affiliates or approved vendors (as described in Item 8); (iii) Franchisee must not use or modify a Website (except for social networking sites) without Franchisor's prior written approval; (iv) Franchisee must comply with the standards and specifications for Websites that Franchisor may periodically prescribe in the Operations Manual or otherwise in writing; (v) if Franchisor requires, Franchisee must establish hyperlinks to Franchisor's website and other Websites; (vi) Franchisee must not engage in any link building activities unless approved by Franchisor; and (vii) Franchisor may revoke Franchisor's approval at any time by providing written or email notice to Franchisee of such revocation.

5. OBLIGATIONS OF THE FRANCHISEE

- a. **Training.** Pursuant to Sections 4A, Franchisee agrees to attend and cause its designated General Management employee(s) to attend and successfully complete the training programs referred to in Section 4A, in accordance with all of the terms and conditions set forth therein.

- b. Development of the Franchise Site, Commencement and Continuity of Operation. Franchisee agrees to complete its initial training and open its franchise business within 180 days from the date this Franchise Agreement is signed. Should Franchisee be unable to meet this deadline, Franchisor may grant a 90-day extension if Franchisee submits a written request and includes a satisfactory explanation and provides a target date to complete training and open.

Franchisee agrees at its expense, to do or cause to be done the following within 180 days following the Effective Date of this Agreement:

- (i) Deliver the proposed lease with landlord's acceptance of Collateral Assignment of Lease (Addendum F) and other requirements as contained in the Operations Manual for Franchisor's written approval prior to entering into a lease for the site;
- (ii) Secure all financing required to develop and operate the business;
- (iii) Obtain all necessary insurance as outlined in Section 5 (L);
- (iv) Obtain all permits and licenses required to construct and operate the business;
- (v) Construct, or have constructed, all required improvements to the site and decorate the business in compliance with our approved plans, trade dress, and specifications;
- (vi) Purchase or lease and install all required equipment, fixtures, furnishings, and signs according to Confidential Operations Manual;
- (vii) Purchase or lease and install an appropriate Business Software Management System;
- (viii) Purchase an opening inventory of required, authorized, and approved products, materials and supplies;
- (ix) Obtain a certificate of occupancy from the city/county/state, as required by Franchisee's jurisdiction.
- (x) Open the Franchised business, commence operations and continuously operate the franchised business as outlined in Section 5B.

It is Franchisee's responsibility to prepare all required construction plans and specifications for the business only in accordance with our approved plans and specifications, and to make sure that these plans and specifications comply with the Americans with Disabilities Act (the "ADA") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. Franchisor may require Franchisee to use architects, contractors, and other professionals designated or approved in writing by Franchisor. Franchisor may revoke approval of any architect, contractor, or other professional at any time upon written notice to Franchisee. Franchisee must send Franchisor initial space plans for approval.

Once Franchisor approves the initial space plans in writing, Franchisee must provide Franchisor with complete space plans, architectural drawings, construction plans and specification for review and then receive Franchisor's written approval of them before beginning construction of the business. Franchisee must also send Franchisor all revised plans and specifications, including any additions or substitutions, for Franchisor's review and written approval. Franchisee may not begin construction of its business without written approval from Franchisor. Franchisor may inspect the site while Franchisee is developing the business. Any review of the construction plans and specifications will be limited to ensuring Franchisee's compliance with Franchisor's design and other requirements for a Tigon Fragrance Lab. Franchisor will not assess compliance with federal, state or local laws and regulations. Compliance with those laws is the Franchisee's responsibility. Any changes that Franchisee makes to the space plans, architectural drawings, construction plans or specifications to comply with applicable laws must be provided to Franchisor for review and written approval.

Once Franchise operations commence, Franchisee agrees to ensure that its phones are answered, either by an employee or electronically during normal business hours. Further, the owner(s) of the Franchise agree(s) to devote his or her full time and efforts to the promotion of the franchise or to have a General Manager devote his or her full time and efforts to the promotion of the success of the franchise. In such latter event, such General Manager must have completed successfully the training courses described in Section 4A.

Franchisee agrees to notify Franchisor 10 days in advance of any planned closings of the business and within 24 hours of the start of any emergency closings. Failure to communicate reasons and duration for closings may cause the Franchise to be deemed abandoned and suitable remedies may be commenced by Franchisor. In all circumstances, Franchisee agrees to make every reasonable effort to ensure that the Franchise's phones are answered, any scheduled classes are taught, if possible, and inquiries of clients are handled promptly with a lapse of no more than 1 business day.

c. Proprietary Marks.

- (i) Franchisee agrees to use the Proprietary Marks so licensed only in accordance with the terms of this Agreement. Franchisee agrees that during the term of this Agreement, and thereafter, Franchisee shall not, directly nor indirectly, contest the validity of ownership by Franchisor of the Proprietary Marks so licensed hereunder. Franchisee further agrees promptly to notify Franchisor of any claim, demand or suit brought upon it by any other person, firm or corporation to use the Proprietary Marks licensed hereunder.
- (ii) Franchisor acknowledges its obligations to police the use of the Proprietary Marks and agrees to do so. Franchisee agrees promptly to notify Franchisor of any claim asserted by any person, firm, corporation or governmental agency against Franchisee, concerning the use of the Proprietary Marks. The Franchisor will protect Franchisee's right to use the Proprietary Marks and will defend Franchisee from any claims arising out of Franchisee's proper use of the Proprietary Marks. Franchisee agrees to execute, subject to the reasonable approval of counsel for Franchisee, any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution, either in the name of Franchisor or in the name of Franchisee, as Franchisor shall, in its sole discretion, determine.

- (iii) Franchisee shall not use the Proprietary Marks or any part or form thereof as part of its corporate, partnership, or other business name. Franchisee agrees to obtain the written approval of Franchisor for said name before opening its franchise office and before commencing operations. Franchisee agrees not to use the Proprietary Marks in entering into any agreement or contract of any description, or in incurring any obligation, it being understood that Franchisee is only to use its corporate, partnership or proprietorship name for this purpose. Nothing herein contained shall prevent Franchisee from identifying itself as a Tijon Fragrance Lab franchisee as specified in Franchisor's confidential Operating Manuals. The use of the Franchisor's Proprietary Marks for operating its Tijon Fragrance Lab business, for Internet promotion, for business cards and stationery is exemplified in the Franchisor's Operations Manual and Franchisee agrees in so using said Marks to follow exactly the examples and format as set forth in the manuals or in any like materials provided by Franchisor.
- (iv) Franchisee agrees to operate, advertise and promote the franchised business under the Proprietary Marks and to carry out its business under said Proprietary Marks in accordance with operational standards established by Franchisor as set forth in the Confidential Operating Manuals or other documents. Franchisee agrees to promote the mark "Tijon Fragrance Lab," "Tijon St. Martin," and / or "Tijon" and others instituted from time to time, in all publications, printing, signs and visual images by reproducing said name at least two point sizes larger than any listing of its corporate, partnership, or proprietorship name. Franchisee further agrees to use no type style, color combination nor other graphic device to cause its business name, or any other name or design, to gain dominance over the "Tijon Fragrance Lab" name or any Proprietary Marks utilized.
- (v) Franchisee agrees to allow Franchisor, in the sole discretion of Franchisor, to enter and inspect the Franchisee's premises, and to observe the manner in which Franchisee is operating its Tijon Fragrance Lab retail business and teaching its classes, it being understood that such rights are important to Franchisor to preserve the integrity of its Proprietary Marks and to make certain that the Franchisee is properly using said Proprietary Marks in the operation of its franchise business.
- (vi) Franchisee understands and acknowledges that each and every detail of the Tijon Fragrance Lab system, some of which is contained in the Trade Secrets section of the Tijon Manuals, is important to Franchisor, to Franchisee, and to other licensed Franchisees. In order to develop and maintain uniformity of services, products, and applications, and therefore, to enhance the reputation, trade demand and goodwill of all Tijon Fragrance Lab Franchisees, Franchisee accordingly covenants:
 - 1. to advertise and promote the franchise exclusively under the name "Tijon" or "Tijon Fragrance Lab" or such other operating names as may be designated by Franchisor in the Operations Manuals or otherwise in writing, except where otherwise required by applicable law;

2. to operate the business strictly in accordance with and to the level of detail provided by Franchisor in its Trade Secrets and confidential system standards.
3. to adopt and use the Proprietary Marks licensed hereunder solely in the manner prescribed by Franchisor from time to time in the Operations Manuals or otherwise in writing, and to immediately discontinue any use not approved by Franchisor; and
4. to carry out its business under said Proprietary Marks in accordance with operational standards established by Franchisor, and as set forth in the confidential operating manuals and/or other documents.
5. to use the Marks on the Internet, and in domain names for the Internet, only under the listings established by Tijon Fragrance Lab as described in the confidential operating manuals and/or other documents.

(vii) Franchisee acknowledges that valuable goodwill is attached to Franchisor's trademarks, service marks, trade names, and/or copyrights and that it will use them only in the manner and to the extent specifically licensed by this Agreement.

d. Operations.

- (i) Franchisee agrees to conduct its franchise strictly in accordance with Franchisor's Confidential Operating Manuals and its Trade Secrets as provided, as the same may be revised from time to time in Franchisor's sole discretion. Franchisee further agrees to treat at all times the contents of said manuals and Trade Secrets as confidential proprietary information and to reproduce or copy parts thereof only as instructed therein or as otherwise approved by Franchisor in writing. Franchisee and all Franchise Owner(s) shall not at any time, either during the term of this Agreement or thereafter, disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available, any portion of said manuals or confidential information to any unauthorized person or entity. All management personnel and any other employees having access to confidential information shall execute a Non-Disclosure Agreement substantially in the form attached as Addendum H, the Sample Non-Disclosure and Non-Competition Provisions for General Managers, prior to accessing such confidential information.
- (ii) Franchisee acknowledges that said manuals and all training materials, whether in physical or electronic form, shall at all times remain the sole and exclusive property of Franchisor, and Franchisee agrees to immediately deliver or make available for retrieval by Franchisor, without compensation and at Franchisee's expense, all copies of said manuals, training materials, and any other confidential or proprietary materials of Franchisor to Franchisor or its designee upon the expiration, termination, or transfer of this Agreement. Franchisee shall certify in writing that all such materials have been returned and that no copies have been retained in any form.

e. Standards of Quality.

- (i) Franchisee agrees to market, sell, train, deliver and operate in its local marketplace, under the Tijon Fragrance Lab name, in such manner as may be determined by Franchisor in its sole discretion, the retail sale of Tijon perfumes and the providing of instructive classes in the creation of various fragrances and only such other services or products as are approved by Franchisor in writing, all of which must meet the specifications and standards from time to time designated by Franchisor. Franchisee agrees not to conduct, or allow to be conducted, any other business or activity utilizing the same location, equipment, personnel, or Proprietary Marks without Franchisor's prior written consent, which consent may be withheld or conditioned in Franchisor's sole and absolute discretion.
- (ii) Franchisee is required to utilize only Franchisor's approved supplies, inventory, lesson plans, equipment, and materials as described in Franchisor's Operations Manuals or otherwise designated by Franchisor in writing in the conduct of its business and to purchase all supplies, inventory, equipment and materials used in the business exclusively from the Franchisor or suppliers approved by Franchisor in writing. Franchisor may revoke approval of any supplier at any time upon written notice to Franchisee, and Franchisee must immediately discontinue purchases from such supplier. Franchisee is not required to purchase business cards, stationery, brochures or similar marketing materials from Franchisor, but the quality, content, and design of such items must comply with the standards and specifications established by Franchisor and must be submitted for Franchisor's prior written approval before use. Franchisor will provide said quality standards and specifications to Franchisee during initial training and may modify such standards from time to time.

f. Modification.

Franchisee agrees to operate its franchise using Franchisor's Proprietary Marks, copyrighted materials, and business techniques as existing upon execution of this Agreement. Franchisor may reasonably modify same during the term of this Agreement.

Any changes or modifications to be made to the franchised business as a result of any such modification or development of any of the Proprietary Marks, copyrighted materials, products, equipment or techniques shall be made by Franchisee within two (2) months time after their modification or development at the Franchisee's expense. If Franchisee must modify or discontinue the use of a trademark as a result of changes made by the Franchisor, Franchisor will reimburse Franchisee for its tangible costs of such changes that exceed \$5,000. Any such reimbursed expenses must be pre-approved by the Franchisor.

g. Advertising.

- (i) Franchisee agrees to submit to Franchisor for its prior written approval all sales promotion materials and advertising to be used by Franchisee to promote its services, including, but not limited to, signs, website, social media, newspaper, newsletter, video, email promotion, text messages, poster, internet, direct mail, radio and television advertising, specialty and novelty items, stationery and business cards. However, any advertising need not be submitted for the

Franchisor's approval if it is prepared in accordance with the Confidential Operations Manuals. Unless written disapproval of said advertising and promotional material is received by Franchisee from Franchisor within 15 days from the date such material is submitted to and received by Franchisor, said material shall be considered approved. Franchisor may revoke any approval at any time upon written notice to Franchisee if Franchisor determines the materials are no longer appropriate or compliant with system standards.

- (ii) Franchisee agrees to use the Proprietary Marks in advertising in accordance with the terms of the confidential operating manuals of Franchisor. Examples of advertising contained in such manuals are deemed approved unless otherwise stated in writing by Franchisor.
- (iii) Franchisee agrees to execute Franchisor's Grand Opening Advertising program as described in Franchisor's Operations Manuals.

h. Accounting and Records.

- (i) Franchisee agrees to maintain and preserve during the term of the franchise (and for three years thereafter) full, complete and accurate books of account and records of all transactions including receipts, expenses, capital expenses and investments. Franchisee shall submit to Franchisor periodic reports on forms in the manner and at the times specified herein. The required reports as of the date of this Agreement are as follows:

REPORT	TIME TO SUBMIT
Royalty Report	On or before the 10th day of the following month
Advertising Fee Report (when in effect)	On or before the 10th day of the following month
Online Access to Accounting and Point of Sale Software	24/7 through Internet Access to Franchisee's Accounting software and computer databases
Monthly Profit and Loss Statement, and Balance Sheet	On or before the 20th of the following month
Annual Profit & Loss Statement, Balance Sheet, and Tax Returns of the Franchised Business	On or before the 60th day following Franchisee's Fiscal Year End

- (ii) All records, ledgers and other documents of the franchised business shall be made available for audit or inspection by Franchisor (or its designee) during normal business hours upon reasonable notice by Franchisor or its designee. If Franchisee fails or refuses to permit such an audit or inspection, Franchisee agrees to pay Franchisor its expenses incurred in connection with such attempted inspection or audit.

- (iii) Franchisor may cause an audit to be conducted on the books and records of Franchisee by a qualified party chosen by Franchisor. If the audit was performed due to the Franchisee's failure to report total gross receipts or provide other reports or tax returns as required above or if the audit establishes that Franchisee understated total gross receipts (as defined in Section 6A) to Franchisor for any period by more than three per cent (3%) of the amount of actual total gross receipts, Franchisee shall pay for the cost of the audit, and shall pay as liquidated damages a sum equal to 15% of the additional Royalty Fees due for the period so audited. Any unpaid royalties revealed by such an audit shall bear interest at a rate of 18% per annum from the date payment was due. Payments for such fees, including the unpaid royalty, must be received by Franchisor within three (3) days of the date that Franchisee receives written notice that such payments are due to avoid further penalties, interest and possible termination. Franchisee shall maintain the funds, books and records of the franchised business separate from and independent of all other funds, business and personal records of Franchisee and franchise owner(s). If there is any commingling of such funds or books and records, then Franchisor's rights of audit and inspection granted hereunder also shall apply to such other business and personal records (including banking and financial information) of Franchisee and franchise owner(s).

i. Insurance.

Franchisee, at Franchisee's sole expense, agrees to maintain adequate insurance and indemnity coverage throughout the term of this agreement and any extension thereof with an insurance carrier having an A VIII or better rating with the Alfred M. Best & Company, Inc. Franchisee acknowledges that this insurance requirement shall in no way be construed as making Franchisee an agent, employee, or representative of Franchisor or creating any joint venture, partnership, or employment relationship between Franchisor and Franchisee. Franchisee agrees to provide the following coverages (insurance limits specified are minimum recommended limits and are subject to change from time to time) and in connection therewith to identify the Franchisor as a named insured to the extent of its interest:

- (i) Commercial general liability insurance, including coverage for abuse and molestation, products liability, completed operations, and contractual liability, to be maintained against claims for bodily injury, personal injury, death or property damage suffered by others upon, in or about the premises or occurring as a result of the acts or omissions of Franchisee or any employee, independent contractor, or agent or as a result of the products sold or services rendered by Franchisee or any claims arising out of the Business pursuant to this Agreement or the operation of the Tijon Fragrance Lab business with combined single limits of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate;
- (ii) Coverage for fire, vandalism, theft, burglary liability with limits of not less than ninety percent (90%) of the replacement value of Franchisee's leasehold improvements, furniture, fixtures, equipment, and inventory.
- (iii) Workers' compensation insurance coverage (when required) offering Benefits per State requirements for injured Employees; and Employers Liability Limit of \$100,000 per Injury, \$500,000 Policy Limit and \$100,000 Per Employee;

- (iv) Automobile liability for owned, leased, hired and non-owned vehicles with recommended limits of at least \$1,000,000 combined single limit per state Medical/Personal Injury Protection and \$1,000,000 Uninsured/Underinsured Motorist;
- (v) Any and all bonds required by state law.

Prior to the opening of the franchise business, Franchisee shall deliver to Franchisor certificates or policies evidencing that such insurance is in full force and effect, and each year during the term of this Agreement, upon Franchisor's request, Franchisee shall furnish to Franchisor premium receipts or other satisfactory evidence that such policies have continued in effect. Should Franchisee fail to maintain the required insurance, or furnish proof thereof, the Franchisor has the option to obtain such insurance for the Franchisee at the sole cost of the Franchisee. Franchisee shall notify Franchisor in writing within 3 business days of Franchisee becoming aware of any claim, lawsuit, or incident that may result in a claim under any insurance policy required hereunder, whether or not such claim involves Franchisor. Franchisee shall provide Franchisor with copies of all correspondence, pleadings, and documents related to any such claim or lawsuit within 5 business days of receipt.

j. Taxes, Payments and Compliance with Law.

- (i) Franchisee shall timely pay when due all taxes, assessments, and other governmental charges in connection with the Franchised Business, the Premises, and all equipment and other assets used in the Franchised Business; shall cause to be immediately discharged all liens or encumbrances of every kind or character created or placed upon or against any of said property, except liens for taxes not yet due or liens being contested in good faith for which adequate reserves have been established; and shall timely pay when due all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business. Franchisee is not obligated to make payments hereunder if Franchisee is legitimately contesting such taxes, assessments, liens, encumbrances, accounts or indebtedness; however, Franchisee shall promptly pay such items once they do become finally uncontested and determined.
- (ii) Franchisee shall comply with all applicable federal, state and local laws and regulations, and shall obtain and maintain on a timely basis any and all permits, certificates, bonds, or licenses necessary for the full and proper conduct of its franchise. This shall include, but not be limited to, any business, or other licenses required by the laws of any applicable jurisdiction.

k. Maintenance, Repairs, and Refurbishment

- (i) Franchisee must maintain the interior and exterior of its Tijon Fragrance Lab premises, equipment, fixtures, signs and furnishings in conformity with the then current standards for each as described in the Operations Manuals and Franchisee must make repairs and replacements as may be required by us. All such repairs and changes must be commenced by Franchisee within sixty (60) days after notice from Franchisor and proceed with due diligence until complete.

(ii) In addition, Franchisee must agree:

1. to keep Franchisee's business, retail space and classrooms in a high degree of safety, repair, order, and condition, including, without limitation, such periodic repainting of the exterior and interior of the business, and perform such maintenance and repairs to all equipment, fixtures, furnishings, uniforms, and signs as we may reasonably request;
2. to meet and maintain at all times at least the minimum governmental standards and ratings applicable to the operation of the business;
3. to cause Franchisee's employees to wear apparel which conforms to the specifications, design, color and style approved by Franchisor from time to time; and
4. to assure that all vehicles used in the course of business shall be in good repair, shall at least meet minimum governmental standards for safety if owned or leased by Franchisee, and shall be operated solely by persons who are properly licensed to operate such vehicles, and who shall obey all traffic laws and otherwise operate such vehicles in a safe manner.

(iii) Franchisee must refurbish or replace Franchisee's equipment, supplies, and training materials in order to maintain a modern, safe, sanitary and uniform image throughout Franchisee's Tijon Fragrance Lab business. After Franchisee's business has been open for three years, and on each three-year anniversary thereafter, Franchisee must refurbish or replace Franchisee's equipment, decor, signage, and furnishings and bring Franchisee's business into compliance with then current standards for new Tijon Fragrance Lab businesses. Franchisee must complete such remodeling, repairs, replacements and redecoration within four months from the date refurbishment notice is forwarded to Franchisee by Franchisor. If Franchisee fails to meet this deadline, Franchisor has the right, but not the obligation, to engage contractors or vendors to make these changes and bill Franchisee for their work plus a fifteen percent (15%) management fee for overseeing the process. All such costs and fees shall be due and payable within 30 days of invoice. Franchisee's failure to complete required refurbishment within the specified timeframe shall constitute a material breach of this Agreement.

1. Lease Assignment.

(i) Upon the expiration or the termination of this Franchise Agreement for any reason, Franchisor shall have the right and option, exercisable within 30 days of such expiration or termination, to take an assignment of any commercial lease on the premises of Franchisee herein, without compensation to Franchisee and without assuming any pre-existing liabilities or obligations under such lease arising prior to the assignment date. (See Addendum F: Collateral Assignment of Lease) Franchisor shall also have the right, under those circumstances, to purchase some or all of the equipment and other personal property located at the business, as provided in Paragraph 10 of this Franchise Agreement.

- (ii) Any lease entered into by Franchisee for a site to operate the business must contain provisions which provide that the landlord agrees to furnish Franchisor with any and all written notices of default concurrently with the giving of such notice to Franchisee and that Franchisor shall have the right (but not the obligation) to cure any said default according to the terms of the lease, and that the lease may be assigned to Franchisor or its designee and that landlord will consent to such assignment without imposing any assignment or transfer fee upon termination or expiration of this agreement or any a breach of the lease by the Franchisee.

m. Management Information Systems.

Franchisee shall install, update, maintain, pay for, and use exclusively for all operations in the Franchise Business those information and management systems specified from time to time by Franchisor. Franchisee acknowledges and agrees that Franchisor owns any and all customer lists and their contents that Franchisee may develop during the normal course of operating the Franchised Business. Franchisee promises to keep an up-to-date list of all active and inactive customers in the Management Software Solution, including each customer's name, telephone number, email address, complete postal mailing address, frequency of service, last date serviced and price of service or contract. The current software allows the Franchisor continuously and without limitation to download the customer list. However, from time to time Franchisor may request, and Franchisee agrees to make available to Franchisor, within 3 business days, and upon request, an electronic copy, or in a form approved by Franchisor, a copy of the complete database, including a complete list of active and inactive customers (from the prior three years), including their name, telephone number, email address, complete postal mailing address, frequency of service, last date serviced, and price of service, and other information concerning the customers as requested, which Franchisor may access without limitation. Franchisee promises not to use any customer list for any purpose other than in the normal operation of the Franchised Business without prior written approval of Franchisor, and Franchisee may not sell that list or any information regarding customers to any third party without the express prior consent of the Franchisor. Franchisor agrees to not make the customer list available to any third or related party, except only those agents of Franchisor acting in an audit or marketing capacity as provided for in Section 5H of this Agreement. Franchisor reserves the right to communicate with people on the customer list.

n. Information Security.

Franchisee must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information ("Personal Information") in accordance with applicable law and industry best practices. It is entirely Franchisee's responsibility (even if Franchisor provides Franchisee assistance or guidance in that regard) to confirm that the safeguards Franchisee uses to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If Franchisee becomes aware of a suspected or actual breach of security or unauthorized access involving Personal Information, Franchisee will notify Franchisor immediately and specify the extent to which Personal Information was compromised and disclosed. Franchisee shall indemnify, defend and hold the Franchisor harmless from any claims

arising from the breach of security or unauthorized access involving Personal Information of the Franchisee.

o. Public Notification.

In all advertising displays and materials distributed off site and at the Premises, Franchisee shall, in such form and manner as may be specified in the Confidential Operations Manual, notify the public that Franchisee independently owns and operates the Franchise Business, and that Franchisee is operating the business licensed hereunder as a franchisee of Franchisor, as an independent contractor, and not as an agent, representative or employee of Franchisor, and shall identify its business location in the manner specified in the Confidential Operations Manual. Franchisee shall otherwise take such action as may be necessary to hold itself out to the public as an independent contractor. Further, at the request of Franchisor, the Franchisee shall display, or otherwise make available literature provided by Franchisor relating to the availability of Tijon Fragrance Lab franchises as supplied by Franchisor and at such location(s) as directed by the Franchisor from time to time.

p. Telephone Number and Related Items.

Franchisee shall execute and deliver to Franchisor a form of assignment of telephone numbers and listings required by the applicable local or other telephone company(s) or such other form of assignment as Franchisor shall prescribe (the "Assignment of Telephone Numbers and Listings") prior to the commencement of use of such number(s). See Addendum G. Franchisee acknowledges and agrees that the telephone company and all listing services may accept this Agreement or the Assignment of Telephone Numbers and Listings as conclusive evidence of Franchisor's exclusive right in such telephone numbers and listings and its authority to direct their transfer. Franchisee shall be solely responsible for all fees, charges and costs attributable to the Telephone Numbers and Listings until such time, if any, as Franchisor effectuates the Assignment of Telephone Numbers and Listings pursuant to Franchisee's Post Term Obligations.

Franchisee shall immediately notify the telephone company providing service to the Franchisee and all telephone directory publishers of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with any Mark, and to authorize transfer thereof to Franchisor at its direction. Franchisee acknowledges that, as between it and Franchisor, Franchisor has the sole rights to and interest in all telephone numbers and directory and internet listings associated with the Mark. Franchisee authorizes Franchisor, and hereby appoints Franchisor and any of its officers as Franchisee's attorney in fact, to direct the telephone company providing service to the Franchisee and all telephone directory publishers to transfer any telephone numbers and directory listings to Franchisor at its direction, should Franchisee fail or refuse to do so. The telephone company providing such service and all telephone directory publishers may accept such direction or this Agreement as conclusive proof of Franchisor's exclusive rights in such telephone numbers and directory and internet listings and Franchisor's authority to direct their transfer.

Franchisee shall not authorize or allow calls made to the above referenced telephone numbers to be transferred or redirected to any other number, or directory inquiries regarding numbers of the Franchise Business to be referred to any other Business.

6. FEES

In addition to fees specified in other sections of this Agreement, the Franchisee shall be responsible for the payment of the following fees, under the terms and conditions hereinafter set forth with the exception of Commissions which is to be paid by Franchisor to Franchisee:

a. Franchisee Royalty Fees.

Franchisees shall pay to Franchisor a Royalty Fee equal to Six Percent (6%) of Total Gross Receipts received from customers of the franchised business. Commencing on the first anniversary of the Tijon franchise opening, the Royalty Fee shall be equal to the greater of (i) Six Percent (6%) of Total Gross Receipts received from customers of the franchised business, or (ii) Five Hundred Dollars (\$500) per month.

The term "Total Gross Receipts" shall mean the total amount of all revenues paid to the Franchisee, its agents and its employees, from the sale of all services or products under the Tijon Fragrance Lab mark, and from any other sources of revenue, including the sale of gift certificates, derived from the operation of the franchised business. If a payment or fee is received in the form of merchandise or services, the fair market value of the merchandise or services shall be used in determining the Royalty Fee, and payment shall be made to Franchisor in cash accordingly. The term "Total Gross Receipts" shall exclude any sales taxes that may be levied.

- (i) Payment of the Royalty Fee by Franchisees shall be made to the Franchisor monthly by the tenth day of the month following the month in which the revenues were received, commencing with the first payment due following the first anniversary of the Tijon franchise opening. Franchisee shall make arrangements with its banking institution to permit Franchisor to debit Franchisee's banking account based on Franchisee's monthly Royalty Report (a summary of revenues collected) that shall be submitted electronically, by email or fax, as specified from time to time by Franchisor. The amount debited shall be the greater of Six Percent (6%) of Total Gross Receipts as reported or Five Hundred Dollars (\$500). (See Addendum E: Current Bank Authorization Form).
- (ii) In the event Franchisee fails to pay any Royalty Fee within seven (7) days after it is due, then Franchisee shall pay a late fee of \$50 plus interest on the amount due at the lesser rate of one and one-half percent (1½%) per month or the maximum rate permitted by applicable law for each month that said amount is not paid, but in no event shall Franchisee be compelled to pay interest or fees at a rate greater than the maximum permitted by applicable law.
- (iii) In the event Franchisee fails to submit Royalty Reports in a timely manner to permit Franchisor to debit Franchisee's bank accounts for the proper fee, Franchisor will have the right to estimate the amount due and debit Franchisee's account for that amount, making adjustments in subsequent debits to correct any inaccuracy. Franchisor shall be entitled, but not required, to base estimated Royalties on the average of the three preceding month's Royalty payments, provided that in no event shall the estimated amount be less than Five Hundred Dollars (\$500).

b. Commissions

Reorder sales of a custom fragrance product made through Franchisor's website from Franchisee's designated customers will result in a forty percent (40%) commission to Franchisee, calculated after deductions for credit card processing fees, shipping and handling fees, returns, chargebacks, product costs, packaging materials, labor costs, overhead allocation, marketing expenses, and any other direct or indirect costs incurred by Franchisor in connection with such sales. Franchisor shall pay commissions due Franchisee on or before the tenth (10th) day of each month for sales made through the last day of the prior month. Franchisor retains the right to withhold and offset against any commissions owed to Franchisee any amounts owed by Franchisee to Franchisor or its affiliates, regardless of whether such amounts are past due, and may apply commissions to cure any deficiency in Franchisee's account. Franchisor may also withhold commissions pending resolution of any dispute, investigation of potential breach, or audit of Franchisee's financial records. No interest shall accrue on withheld commissions. Franchisor reserves the right to modify the commission rate and calculation methodology upon thirty (30) days' written notice to Franchisee.

c. Website and Social Media Fee

Franchisee shall pay to Franchisor a monthly Technology Fee of One Hundred Dollars (\$100.00) for the maintenance and operation of the Tijon website, mobile applications, social media accounts, customer relationship management systems, point-of-sale systems, inventory management systems, cloud-based services, cybersecurity measures, data backup and recovery services, and other technology platforms, infrastructure, and services provided by or through Franchisor. This fee shall be due and payable at the same time and in the same manner as the monthly Royalty Fee. Franchisor reserves the right to increase the Technology Fee upon sixty (60) days' written notice to Franchisee to reflect increased costs or expanded services. The Technology Fee shall be automatically debited from Franchisee's designated bank account pursuant to the ACH authorization.

d. Advertising Fee

The Franchisor reserves the right to require the Franchisee to pay up to two percent (2%) of Total Gross Receipts as an Advertising Fee that will be used to promote the Tijon Fragrance Lab name in the marketplace, with the exact amount to be specified by the Franchisor. Franchisor agrees not to collect Advertising Fees until a minimum of twenty-five (25) Franchises are open for business and Franchisor will give sixty (60) days written notice before implementation and collection of fees. Notwithstanding the foregoing, Franchisor reserves the right to implement the Advertising Fee earlier if, in Franchisor's reasonable business judgment, market conditions, competitive pressures, or brand development needs warrant earlier implementation, provided that Franchisor provides the required sixty (60) days written notice. When instituted, the Franchisee shall pay the amount due annually, by the tenth day of the year following the year in which the revenues were received, paid in the same manner as the Royalties. The Franchisor will spend these monies on national, regional, or local media, or to develop advertising media for use in local markets or other marketing techniques or programs designed to promote the sales of Tijon Fragrance Lab Franchisees' products and services to the public. These fees may also be expended by Franchisor for market research and development, test or target marketing, creative and production costs, public relations, the conducting of surveys, digital marketing initiatives, social media campaigns, influencer partnerships, search engine optimization, pay-per-click advertising, content creation, brand partnerships, sponsorships, trade shows, reimbursement to Franchisor for reasonable

accounting, administrative, legal, and overhead expenses associated with the Advertising Fee (not to exceed 15% of the fund annually), or for other purposes deemed appropriate by Franchisor in its sole discretion to enhance, promote, protect, and defend the Franchisor's trademarks and brand. Franchisor will make available to Franchisee annual unaudited reports of payments made from the Advertising Fee Account. The Franchisor's staff will manage the Advertising Fee Account and will budget and spend monies in the Advertising Fee Account in ways that Franchisor deems appropriate in its sole discretion. Franchisor may, but is not obligated to, consult with franchisees regarding advertising expenditures. Franchisor will not co-mingle Advertising Fees with other funds or accounts.

At such time, if ever, that an Advertising Fee is implemented, Franchisor's Affiliate(s) will contribute two percent (2%) of their Total Gross Receipts from Retail Sales (or any lower system-wide rate which is identical to that paid by franchisees) of their Tijon Fragrance Lab business(s) operating units to the Advertising Fee Account.

Franchisees also agree to advertise in their Protected Territories, using the Franchisor's Service Mark and Logo, and using advertising copy approved by the Franchisor. The Franchisee agrees to spend a minimum of five percent (5%) of Total Gross Receipts on local advertising each month, or Five Hundred Dollars (\$500.00), whichever is greater. For purposes of this requirement, "local advertising" shall include only advertising and promotional activities that have been pre-approved by Franchisor or that comply with Franchisor's advertising guidelines as set forth in the Operations Manual. Franchisee agrees to submit detailed reports documenting such expenditures, in the form specified by Franchisor, within fifteen (15) days from the end of each month for the preceding month, together with supporting documentation including receipts and invoices. Failure to timely submit such reports shall be deemed a material breach of this Agreement. Franchisor reserves the right to require Franchisee to join a local or regional advertising cooperative, if one is established in Franchisee's area, and to contribute up to the full amount of Franchisee's local advertising obligation to such cooperative. Any amount contributed by Franchisee to an approved cooperative will be credited against the local advertising requirement. Franchisor may, in its sole discretion, modify the local advertising requirement upon sixty (60) days' written notice to Franchisee.

7. INDEPENDENT CONTRACTOR

- a. It is agreed that, for all purposes, Franchisee shall be considered an independent contractor, and not an employee, agent, legal representative, joint venturer, partner or servant of Franchisor. Franchisee shall not make any contract, agreement, warranty, or representation on behalf of Franchisor nor as Tijon Fragrance Lab, nor bind Franchisor to any obligation, nor hold itself out as an agent of Franchisor and shall effectively communicate to third parties, Franchisee's individual, corporate or business name and status, in addition to the fact that Franchisee is a licensee of Franchisor. Franchisee is solely responsible for its own hiring and employment practices and decisions and will defend, indemnify, and hold harmless Franchisor, its officers, directors, shareholders, employees, agents, successors and assigns from and against any and all claims, losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees and court costs) arising out of or related to such activity. Franchisee agrees to comply with all National, State and Local laws and ordinances.
- b. Franchisee shall indemnify, defend, and hold harmless Franchisor and its affiliates, and their respective officers, directors, shareholders, members, managers, employees, agents, successors, and assigns (collectively, the "Indemnified Parties") from and against any and

all claims, demands, causes of action, losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, expert witness fees, court costs, costs of investigation, and costs of defense) of any nature whatsoever, whether arising in law or equity, arising directly or indirectly out of, in connection with, or relating to: (i) Franchisee's ownership, operation, or management of the Franchised Business; (ii) any breach of this Agreement by Franchisee; (iii) any violation of applicable laws, rules, or regulations by Franchisee; (iv) any claims by Franchisee's employees, contractors, or agents; (v) any products or services sold or provided by Franchisee; or (vi) any acts or omissions of Franchisee, its owners, officers, directors, employees, agents, or contractors. This indemnification obligation shall survive the termination or expiration of this Agreement.

8. TERM

- a. This Agreement shall be effective and binding from the date of its execution by Franchisor (the "Effective Date"). The initial term of this franchise shall expire ten (10) years from the Effective Date.
- b. At the end of said term, Franchisee may renew this Franchise for additional ten (10) year terms so long as the following conditions are satisfied:
 - (i) Franchisee has complied substantially with its obligations hereunder during the term and is then in compliance with such obligations at time of giving notice and at time of renewal;
 - (ii) Franchisee has given Franchisor written notice of its election to renew at least ninety (90) but not more than one hundred eighty (180) days prior to expiration of the initial term;
 - (iii) The Franchisee signs the new Franchise Agreement then in effect (which may contain materially different terms and conditions, including higher fees), such other companion agreements as the Franchisor then requires of all new Franchisees and the Franchisee signs a general release, in a form satisfactory to Franchisor, releasing the Franchisor and its affiliates, and their respective officers, directors, shareholders, employees, and agents from any and all claims;
 - (iv) A renewal fee of ten percent (10%) of the Initial Franchise Fee being charged new franchisees for a comparable territory at the time of the renewal shall be paid to the Franchisor at least 30 days before expiration of this agreement. No new initial franchise fee will be charged to Franchisee upon such renewal or renewals.
 - (v) Any commercial facility used by the business, equipment, decor, signage, and furnishings must be brought into compliance with then current standards for new Tijon Fragrance Lab businesses.

Upon renewal and execution of a new Franchise Agreement, royalties, advertising fees or other fees and charges will be based on the then current charges of the Franchisor under Franchise Agreements then being granted, which may be substantially higher than the fees under the expiring Agreement. Franchisee's Protected Territory may be modified at Franchisor's sole discretion based on then-current territory policies. Franchisor is not restricted in its right to

change any provisions of the previously existing Franchise Agreement, other agreements or documents, and the new Franchise Agreement may contain materially different terms, conditions, and obligations.

9. TERMINATION AND DEFAULT

- a. Franchisee may not terminate this Agreement during its term but may decline to renew the Agreement at the end of any 10-year term.
- b. Franchisor has the right to cancel, terminate, or refuse to renew this Agreement for the following reasons (in addition to other rights and remedies it may have) without any refund of any portion of the Franchise Fee:
 - (i) If Franchisee fails, refuses, or neglects promptly to pay to Franchisor any money owing to Franchisor on the date due.
 - (ii) If Franchisee fails to submit required reports or financial data in a timely manner.
 - (iii) If Franchisee defaults in the performance under this Franchise Agreement, a loan, open account billing, contract assignment, or under any other Agreement with, or obligation to, Franchisor, or if Franchisee fails to comply with guidelines, policies and requirements imposed upon it by this Agreement, by the Operations Manual, or by such other operational memoranda issued by Franchisor;
 - (iv) If Franchisee violates or fails to comply with any applicable law including state business licensing or bonding laws and fails to cure within the time allowed by law.
 - (v) If Franchisee fails to maintain generally accepted good business practices which will reflect favorably on the Franchisee, Franchisor and its marks. This includes, but is not limited to: prompt response to clients', consumers' or Franchisor's inquiry, by mail, or telephone and payment of liabilities, fees, and debts of the Franchisee.
 - (vi) If the business of Franchisee is assigned, transferred, sold, leased, or for any other reason passes from the actual supervision or control of Franchisee without Franchisor's written consent including any transfer, sale, assignment, exchange or any other disposition of shares (or series of such transactions) of a corporate or limited liability company-owned franchise.
 - (vii) If the Franchisee fails to open its business within 180 days of signing this Agreement, or, if, after commencement of the business, Franchisee fails to operate the business continuously for a period of seven (7) business days during the term of this Franchise Agreement (Abandonment) unless prevented by Acts of God.

- (viii) If Franchisee fails to personally complete or have its designated General Manager complete, the initial training described in Paragraph 4A(i) within 30 days of hire or engagement.
- (ix) If Franchisee makes, or has made, any materially false statement or report to the Franchisor in connection with this Franchise Agreement or application therefor or in reporting Franchisee's revenues and resultant royalties.
- (x) If Franchisee fails to obtain from its managers, signed, written statements, in which these employees agree to keep secret Franchisor's trade secrets and proprietary information for operation of a Tijon Fragrance Lab business or if Franchisee delivers to, or permits unauthorized persons access to the Franchisor's confidential manuals, training programs, or any other confidential materials, or trains any other person to use Franchisor's methods for conduct of a similar business.
- (xi) If Franchisee violates any of the provisions of Paragraph 15 of this Agreement.
- (xii) If Franchisee shall be adjudicated a bankrupt (unless restricted by the United States Bankruptcy Code) or becomes insolvent; (b) if a receiver of its property, or any part thereof, is appointed by a court of competent authority; (c) if Franchisee makes a general assignment for the benefit of its creditors; (d) if a final judgment against Franchisee remains unsatisfied of record for sixty (60) days or longer (unless a supersedeas bond is filed); (e) if execution is levied against Franchisee's business or property, or suit to foreclose any lien or mortgage is instituted and not dismissed within sixty (60) days; (f) if Franchisee's bank accounts, property or receivables are attached or garnisheed and such attachment or garnishment proceedings are not dismissed within a sixty (60) day period; or (g) if Franchisee is convicted of a felony.
- (xiii) If Franchisee breaches any of the terms of this Agreement two or more times within any twelve (12) month period, even if cured.
- (xiv) If Franchisee fails to comply with maintenance and refurbishing of the business as described in Section 5K of this Agreement.

With respect to the grounds for termination set forth above in subparagraph (1) and (2), Franchisor will deliver to Franchisee written notice of default at least seven (7) days prior to the date of termination; during this seven (7) day period, Franchisee will have the right to cure the default.

With respect to the grounds for termination set forth above in subparagraphs (3), (4), (5), (10) and (14), Franchisor will deliver to Franchisee written notice of default at least thirty (30) days prior to the date of termination; during this thirty (30) day period, Franchisee will have the right to cure the default.

With respect to the grounds for termination set forth above in subparagraphs (6), (7), (8), (9), (11), (12) and (13), Franchisor shall have the right to terminate this Agreement by written notice, without any right to cure by Franchisee.

Where notice of default and demand for performance is given, when and to the extent required, such notice or demand shall not be a waiver of any other term hereof. To the extent that any provisions of this Agreement provide for periods of notice less than those provided by any applicable law, or provide for termination, cancellation or non-renewal other than in accordance with such applicable law, then such provisions hereof shall be modified to the extent necessary to comply with the provisions of such applicable law.

10. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

- a. Upon the termination of this Agreement and this franchise, or upon their expiration, Franchisee and franchise owner(s), as applicable, shall:

- (i) Promptly pay to Franchisor (its subsidiaries and affiliates), all sums of money, royalties, fees or other charges due or which are undisputed and have accrued to the date of termination or expiration, as applicable. Franchisee shall also refund any unearned sums of money that were collected from potential patrons, sponsors, or others for services that cannot be performed as the result of the termination or expiration of this agreement. Proof of such refunds must be submitted to Franchisor within 10 business days of termination or Franchisor may make such refunds and bill Franchisee, franchise owners and/or Guarantors as appropriate.

If termination is the result of a breach by Franchisee, Franchisee and/or guarantors shall pay to Franchisor, in lump sum, as liquidated damages, and not as a penalty, an amount equal to the average Royalty due during each of the last twelve months times thirty-six (36) or the number of remaining months left on this agreement, whichever is smaller. The parties expressly acknowledge and agree that such payments shall not affect any rights or remedies the Franchisor may have at law or in equity, including without limitation the right to seek injunctive relief, against Franchisee, Guarantors, and/or the franchise owners;

- (ii) Immediately cease to use, in any manner whatsoever, any and all Proprietary Marks, Franchisor's name, manuals, brochures, slogans, signs, forms, devices, and other materials used in connection with the operation of the Franchised Business, and take all necessary steps to disassociate itself from Franchisor and the System, including but not limited to removal of all signs (interior and exterior), internet postings, social media accounts and content, website content, online directories, and non-use of letterheads, business cards, and stationery. Franchisee shall not directly or indirectly represent or advertise that Franchisor and Franchisee are or were formerly affiliated with the System. Franchisee shall comply with this obligation within five (5) business days of termination or expiration;
- (iii) Immediately return to Franchisor with no demand for compensation, all operations manuals, forms, signs, prospect and customer lists, as well as any other materials provided to Franchisee by Franchisor, its subsidiaries or affiliates; (Franchisor will repay Franchisee for signs or other materials paid for by Franchisee that were purchased from the Franchisor, that are returned in a salable condition, or their value may be credited to any unpaid obligations of the Franchisee);

- (iv) Take whatever action is necessary to cancel, terminate and/or change any assumed name registration, document, or other record which contains the name "Tijon Fragrance Lab" (or any form or part thereof) or any Proprietary Mark of Franchisor;
- (v) Continue to comply with all confidentiality and non-disclosure obligations set forth in this Agreement, including but not limited to maintaining the absolute confidentiality of all Trade Secrets, Proprietary Information, Confidential Information, and confidential information of Franchisor, its subsidiaries, and affiliates, which obligations shall survive termination or expiration of this Agreement in perpetuity;
- (vi) Immediately cease operation of the terminated or expired franchised business;
- (vii) Notify all telephone companies, of the termination of this agreement and request that all telephone numbers, that have been used to identify the Franchisee as a licensee of Franchisor, be assigned to the Franchisor or terminated (at the Franchisor's discretion) no later than 7 days after the date of termination or expiration. The phone line(s) should be placed on intercept with no call forwarding unless the Franchisor chooses to accept financial responsibility for the line(s). This agreement to transfer or terminate phone line(s) applies to all telephone numbers whether commercial, residential, cellular, internet-based or other forms of telecommunications (See Addendum G: Assignment of Telephone Numbers and Listings);
- (viii) Within five (5) business days of termination or expiration, submit to Franchisor, in a format reasonably specified by Franchisor, an electronic copy of Franchisee's complete client database and all customer information including, without limitation, names, addresses, email addresses, telephone numbers, purchase history, and the name of the contact person responsible for purchasing decisions for each customer or prospective customer that has made a purchase or inquiry during the prior twenty-four (24) months. Such information shall include contact information for all host facilities, event venues, or other locations where Franchisee conducted business, taught classes, or held events during the prior twenty-four (24) months;
- (ix) Franchisee shall immediately refund to all customers (or remit to Franchisor, at Franchisor's sole discretion and option) any monies collected for services or products that have not been provided or earned as of the date of termination or expiration. Franchisor may, at its option, elect to fulfill such obligations to customers and retain any amounts paid, or require Franchisee to refund such amounts directly to customers. Franchisee shall provide written certification to Franchisor within ten (10) business days of termination or expiration identifying all such unearned amounts and confirming that all required refunds have been made or remitted to Franchisor;
- (x) Notify any and all Internet Service Providers, URL Registrars, search engines, directories and other pertinent sources of the termination of this agreement and request that all links, referrals, registrations, and telephone numbers, that have

been used to identify the Franchisee as a licensee of Franchisor, be assigned to the Franchisor or terminated (at the Franchisor's discretion) 7 days after the date of termination or expiration. Any domain name registrations should be transferred under regulations established from time to time by ICANN or the then current registration authority, to the Franchisor unless the Franchisor chooses not to accept financial responsibility for these URL(s). If this is the case, said name registrations should be cancelled and any web pages containing referrals to the Tijon Fragrance Lab name or logo or reference to business inventory and any services offered by Franchisee terminated.

- (xi) Offer Franchisor the right to take over any commercial property leases utilized by Franchisee and to purchase for fair market value as established by a qualified independent appraiser selected by the Franchisor any equipment, inventory or leases for equipment utilized by the business.

If Franchisee and/or franchise owner(s), as applicable, fail or refuse to comply with this Section 10 in a professional and expeditious manner, as well as all other obligations hereunder intended to survive termination and expiration of this Agreement and Franchise, including but not limited to the non-disclosure, non-competition and indemnification covenants, then Franchisee and franchise owner(s) agree to pay Franchisor for all costs and expenses, including auditors' and attorneys' fees incurred by Franchisor in an effort to effect compliance thereunder. All obligations of Franchisee, franchise owner(s) and Franchisor hereunder which expressly, or by their nature, survive the expiration or termination of this Agreement shall 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. Franchisor shall have the right, at its sole discretion, to cure any default of the Franchisee and bill the Franchisee for any expenses incurred in eliminating said default.

11. TRANSFERABILITY OF INTEREST

- a. Franchisee may not assign this Franchise Agreement nor sell, transfer, or encumber the assets of the business or any ownership interest in Franchisee to others without the Franchisor's prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion. Franchisor may refuse to consent to any assignment, sale, transfer, pledge, hypothecation, or bequeath by Franchisee of its rights under this Agreement, or to succession of this Agreement by will or intestacy, to any person, partnership, joint venture, corporation or other entity unless that party meets the then current standards for new Franchisees and Franchisee has met the requirements of Paragraph 11B below. In connection with any approved assignment or transfer, Franchisee shall pay to Franchisor a transfer fee equal to twenty-five percent (25%) of the then-current initial franchise fee; provided, however, that no transfer fee shall be charged for a transfer of the franchise to a wholly-owned business entity of Franchisee. An assignment or transfer shall include without limitation, an effective transfer of ownership of ten percent (10%) or more of the ownership interest of a franchisee, or any change in control of Franchisee.
- b. Prior to any inter vivo assignment or transfer, Franchisee shall fully pay and satisfy all of Franchisee's obligations to Franchisor, including any amounts owed to Franchisor's affiliates or approved suppliers, and, if the transfer is to an unrelated third party, Franchisee (or transferee) shall have fully paid to Franchisor a fee equal to twenty-five percent (25%) of the then-current Initial Franchise Fee being charged new franchisees for a comparable territory at the time of the transfer for the training course, supervision,

administrative, accounting, legal, and/or other Franchisor expenses incurred in connection with the transfer. Franchisee shall also reimburse Franchisor for all actual costs incurred in evaluating and processing the proposed transfer. In addition, Franchisor shall have the right to review and approve the purchase agreement and all related transaction documents for compliance with standard business practices and this Agreement's requirements, including, but not limited to, the debt burden of the purchaser and the financial capability of the transferee; the transferee shall have signed the then-current form of Franchise Agreement with the Franchisor (which may contain materially different terms than this Agreement); training arrangements must be made and completed to Franchisor's satisfaction; the transferee must meet all of Franchisor's then-current qualifications for new franchisees; and Franchisee and all guarantors must sign a general release of the Franchisor, its affiliates, and their respective officers, directors, employees, and agents from all claims.

- c. This Agreement and all of Franchisor's rights, title, duties, obligations, and interest hereunder may be freely assigned, transferred or conveyed by Franchisor and shall be binding upon and inure to the benefit of Franchisor's successors and assigns.
- d. Notwithstanding anything stated elsewhere in this Agreement, the Franchisee shall have the right, if it is in full compliance with this Agreement, to transfer, without charge, its rights and obligations under this Agreement to a corporation or a limited liability company in which Franchisee continuously owns one hundred percent (100%) of the issued and outstanding shares of each class of stock or membership shares, provided that the corporation or LLC must agree in writing to be bound by the terms of this Agreement and the Franchisee hereby agrees to remain personally liable in all respects as a guarantor of the obligations of the corporation or LLC. Franchisee shall be in default under the terms of this Agreement if Franchisee, at any time, disposes of any interest sufficient to reduce its ownership in the corporation to less than eighty 80% interest of any class of stock without complying with the steps of Paragraph 11B.
- e. Franchisor retains the right to purchase the assets of Franchisee at the same price and on the same terms as any other party. If Franchisee reaches an agreement to sell, assign or transfer this license, ownership of the Franchisee or the Franchise Business itself, to another party, it must be subject to Franchisor's right of first refusal described in this Sub Paragraph E. Franchisor will notify Franchisee of its intent to exercise or waive said rights within 10 days of receiving written documentation indicating the Franchisee's agreement to sell. Franchisor shall have an additional 45 days to complete the purchase, in instances where it decides to exercise its right to purchase, after it has given Franchisee its notice to do so.
- f. In the event of the death, disability or permanent incapacity of Franchisee (or appointment of a conservator or guardian of the person or estate of Franchisee, or if Franchisee is a corporation or limited liability company, then upon the death, insanity, permanent disability of the corporation's principal officer or the manager or managing member of an LLC), Franchisor shall not unreasonably withhold its consent to the transfer of all of the interests of Franchisee to his spouse, heirs or relatives, whether such transfer is made by will or by operation of law, provided that the requirements of Paragraph 11B hereof have been met. In the event that Franchisee's heirs do not obtain the consent of Franchisor as prescribed herein, the personal representative of Franchisee shall have reasonable time, not to exceed six months from the date of death or incapacity,

to dispose of Franchisee's interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

12. NON-WAIVER

No failure of Franchisor to exercise any rights reserved to it nor to insist upon strict compliance by Franchisee (or franchise owner(s) as applicable) with any obligation or condition of this contract, and no custom or practice at variance with these terms, shall constitute a waiver of Franchisor's right to demand exact compliance with these terms. Waiver by Franchisor of any particular default by Franchisee (or franchise owner(s)) shall not affect or impair Franchisor's rights in respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee or franchise owner(s) of any of the terms, provisions, or covenants, affect or impair Franchisor's rights, nor shall such constitute a waiver by Franchisor of any right or of the right to declare any subsequent breach or default of this Agreement. Subsequent acceptance by Franchisor of the payments due to it shall not be deemed to be a waiver by Franchisor of any of its rights arising by a preceding breach by Franchisee or franchise owner(s) of any terms, covenants or conditions of this Agreement.

13. NOTICE

Any notices required to be given shall be given in writing by personal delivery, or by certified or registered mail, or by reputable commercial overnight delivery service, directed to Franchisor at Tijon Fragrance Lab Franchising, Inc, 4757 North Welford, Tucson, Arizona 85749 or to Franchisee at Franchisee's address set forth on the first page of this Agreement. Notice by mail shall be deemed received on the third business day following the date it was deposited in the mail. Notice by commercial overnight delivery service shall be deemed received on the first business day following deposit with such service. Notice by personal delivery shall be deemed received upon delivery.

Either party hereto may change the address to which any notices to such party shall be delivered, by written notice to the other.

14. LIABILITY FOR BREACH

In the event of any breach of this Agreement by Franchisee, in addition to any other remedies Franchisor may have at law or in equity, Franchisee shall pay to Franchisor all amounts due and all damages, costs and expenses, including reasonable attorneys' fees, court costs, expert witness fees, auditors' fees, and collection costs incurred by Franchisor as a result of any such breach or in enforcing this Agreement. If Franchisor is found to have materially breached this Agreement, Franchisor shall pay Franchisee's reasonable attorneys' fees and costs incurred in connection with such breach, but only to the extent awarded by a court or arbitrator of competent jurisdiction.

15. COVENANT NOT TO DISCLOSE OR COMPETE

Franchisee and any guarantors hereof acknowledge that their initial knowledge of the operation of a Tijon Fragrance Lab franchise, its products, services and methods of conducting business, is derived wholly from information disclosed to them by Franchisor pursuant to this Agreement, the training programs, the Confidential Operating Manuals and other means, and that such information is proprietary and confidential.

- a. So long as this Franchise Agreement is in effect, and forever after, Franchisee and all Guarantors shall maintain the absolute confidentiality of such information and shall not divulge to, or use for the benefit of, any other person, partnership, association, trust, corporation or entity outside the Franchisor's organization, any information identified as confidential or Proprietary Information of Franchisor, or of Franchisee, nor any information concerning customers, the methods of doing business (including, without limitation, approved supplier and inventory lists, production techniques, vendors, promotion, marketing concepts and other technical information and know-how employed by Franchisor or its franchisees in the retail perfumery business) which Franchisee or the guarantor may acquire by virtue of their operation under the terms of this Agreement. Further, for so long this Franchise Agreement is in effect, and forever after, Franchisee and all Guarantors shall maintain the absolute confidentiality of any and all information identified by Franchisor as Trade Secrets including information concerning perfume formularies, lesson plans, business sales of Franchisor and any Franchisee, pricing of products and services, and any other information represented as Trade Secrets by Franchisor to Franchisee which Franchisee or guarantor may acquire by virtue of their operation under the terms of this Agreement. Information furnished to employees, or agents of Franchisee by Franchisee shall be reasonably limited to that information which directly relates to such employees' or agents' duties. All management employees of the Franchisee shall execute like non-disclosure and confidentiality undertakings in writing as a condition precedent to their engagement by Franchisee. information identified as Trade Secrets.
- b. So long as this Franchise Agreement is in effect, and for two (2) years thereafter (or the maximum period permitted by applicable law if less than two years), except for the franchised business licensed hereunder, Franchisee and Guarantors expressly covenant that Franchisee and Guarantors will not engage, directly or indirectly, within a fifty (50) mile radius of the boundaries of Franchisee's Protected Territory, or within fifty (50) miles of any other Tijon Fragrance Lab franchisee business or office of any affiliate of Franchisor, whether as an owner, stockholder (owning more than five percent (5%) of outstanding shares), partner, member, officer, director, manager, employee, consultant, independent contractor, or managerial employee in a retail perfumery business providing product sales or classes in the creation of perfumes, or otherwise to engage in a business substantially similar to that licensed hereunder or any business concept being offered by Franchisor or its affiliates. If Franchisee and/or Guarantors do so compete, Franchisee and/or Guarantors shall pay to Franchisor, in lump sum, as liquidated damages, and not as a penalty, an amount equal to the average Royalty Fee paid during each of the last twelve (12) months (or during the term of the Agreement if less than twelve months) times thirty-six (36). The parties expressly acknowledge and agree that such liquidated damages payment shall not affect or limit any rights or remedies the Franchisor may have, at law or in equity, including without limitation the right to seek injunctive relief and additional damages, against Franchisee and/or the Guarantors by reason of such competition by them.</target>
- c. This Covenant is entered into by and between the parties hereto with full knowledge of its nature and extent. They hereby acknowledge that the Franchise Agreement would not be entered into by the Franchisor except upon the condition that such restrictive covenant be embodied herein and that, as such, it shall be enforceable, in the event of a breach by Franchisee and/or the Guarantors, by injunctive relief, and/or any other remedies available at law or equity to Franchisor, which remedies shall be cumulative and not exclusive. Franchisee and the Guarantors expressly acknowledge and represent that: (i)

prior to entering into this Agreement, they were employed and earned a living in some occupation other than that contemplated by this Agreement; (ii) they would not be prevented or prohibited from being employed and earning a living upon the termination of this Agreement, whether voluntarily or involuntarily, in the event they were prohibited from engaging in the ownership or management of a perfumery; (iii) the restrictions contained in this Covenant are reasonable in scope, duration, and geographic area; and (iv) they have had the opportunity to consult with legal counsel regarding this Covenant.

16. ENTIRE AGREEMENT

This Agreement and the documents to which reference in it has been made, shall be construed together and constitute the entire, full and complete agreement between the parties and shall supersede all prior agreements, no other representation having induced Franchisee and Guarantors, as applicable, to execute this Agreement. There are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to this Agreement. Nothing contained in this Agreement, however, shall serve to waive or release any representations made by the Franchisor in its Franchise Disclosure Document. No amendment, change or variance from this Agreement shall be binding on any party unless executed in writing and signed by the party to be charged. Franchisor may unilaterally modify the Confidential Operating Manuals and System Standards, and such modifications shall be binding upon Franchisee. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

17. SEVERABILITY

Each paragraph, section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any paragraph, section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining paragraphs, sections, parts, terms, and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties. Said invalid paragraphs, sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement, provided, however, that if Franchisor determines that said finding of illegality adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

18. MEDIATION AND ARBITRATION

- a. Any controversy or claim (other than those arising from non-payment of monies due, falsification of reports, abandonment, those regarding trademark infringement, and non-compete provisions) arising out of or relating to this Agreement, or the breach thereof, shall be subject to mandatory non-binding Mediation. The Mediator will be appointed in accordance with the Rules and Regulations of the American Arbitration Association unless the parties agree on a Mediator in writing within ten (10) days after either party gives written notice of Mediation. If either party alleges a dispute or controversy against the other party for any reason, except for those specified above, then either party will have the right to demand non-binding Mediation within the (10) days after the complaining party provided the other party with written notice describing the dispute or controversy and the desired action. All Mediation hearings will take place exclusively in

Tucson, AZ, and will be held within twenty (20) days after the Mediator has been appointed. The Mediation hearing will be informal and the Mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the Mediator will be shared equally by the parties. The parties agree that they will act in good faith to settle any dispute or controversy between them either prior to or during Mediation. All matters, testimony, arguments, evidence, allegations, documents and memorandums will be confidential in all respects and will not be disclosed to any other person or entity by either party, nor used in any other proceeding relating to the dispute.

The Franchisor and the Franchisee will not have the right to commence any Arbitration or legal proceedings against the other party until the dispute or controversy has been mediated as provided for herein, unless said dispute is of a nature excluded from Mediation as set forth above or if neither party has requested mediation. Both parties will have the right to take all actions necessary to demand Arbitration or to commence legal proceedings prior to any Mediation hearing; however, neither party will have the right to an arbitration hearing or to prosecute any legal proceedings beyond commencement of an action until the Mediation has concluded.

- b. Any controversy or claim (other than those arising from non-payment of monies due, falsification of reports, abandonment, those regarding trademark infringement, and non-compete provisions) arising out of or relating to this contract, or the breach thereof, not resolved through Mediation, shall be resolved by Arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, by a single arbitrator. Said Arbitration shall take place at Tucson, AZ. Judgment entered upon an award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. The parties agree that they shall be entitled to take discovery by way of depositions and requests for production of documents and that AAA-issued subpoenas shall suffice for compelling same. Each party shall determine the extent of the discovery it desires to undertake and shall submit to the arbitrator (and serve on the opposing party) a schedule of such intended discovery. Each party shall be entitled to take discovery pursuant to its schedule unless objection thereto is made by the other party within 10 days after service of said schedule. The parties shall make a good faith attempt to resolve all objections. Any unresolved objections shall be submitted to the arbitrator for resolution. Arbitration shall be on an individual basis, not a class wide or consolidated basis.
- c. Nothing herein shall bar the right of Franchisor to obtain injunctive relief, temporary restraining orders, or other equitable relief against threatened or actual conduct that would cause irreparable harm to Franchisor, the Proprietary Marks, or the System, without the requirement of posting bond. Franchisee acknowledges that monetary damages may be inadequate to compensate Franchisor for breaches of this Agreement involving confidential information, non-compete obligations, or unauthorized use of Proprietary Marks.

19. FRANCHISEE

The term "Franchisee" as used in this Agreement shall be deemed to include the original franchisee entity and all persons and entities who succeed to the interest of the original Franchisee by transfer approved pursuant to this Agreement or by operation of law, and their respective heirs, executors, administrators, successors and assigns.

20. VENUE/GOVERNING LAW

This Agreement was entered into in the State of Arizona and this Agreement, and all disputes between the parties hereto, shall be interpreted and construed under its laws. The parties agree that any action in which Franchisor is a party brought by any party against another party in connection with any disputes, rights or obligations arising out of this Agreement, and not otherwise subject to binding arbitration under Section 18 above, shall be instituted in a state court of competent jurisdiction with venue only in Pima County, State of Arizona, or in the United States District Court for the Arizona District except and only to the extent prohibited by applicable law. Any party to this Agreement named as a defendant in such an action brought in connection with this Agreement in any other court outside of the above-designated county or district shall have the right to have the venue of said action changed to the above-designated county or federal district, unless precluded by applicable law. Franchisee hereby agrees to submit personally to the jurisdiction of a court of competent subject matter jurisdiction located in the above-designated state and county or federal district, except in any legal proceeding where Franchisor is not a party. The parties acknowledge that this Agreement is executed in and that a material portion of Franchisor's obligations under this Agreement are to be performed in, the above-designated state, county and federal district.

Nothing contained in this paragraph shall prevent or prohibit Franchisor from seeking an injunction or other equitable relief in any court of competent jurisdiction.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in duplicate the day and year first above written.

Franchisor:
TIJON FRAGRANCE LAB FRANCHISING,
INC.

By: _____
Name: _____
Its: _____

Franchisee:

By: _____
Name: _____
Its: _____

**ADDENDUM A TO THE FRANCHISE AGREEMENT
FRANCHISEE'S PROTECTED TERRITORY**

Franchisor:
TIJON FRAGRANCE LAB FRANCHISING, INC.

By: _____
Name: _____
Its: _____

Franchisee:

By: _____
Name: _____
Its: _____

ADDENDUM B TO THE FRANCHISE AGREEMENT

CLOSING ACKNOWLEDGMENTS

In order to ensure that your decision to purchase a Franchise from Tijon Fragrance Lab Franchising, Inc. (Franchisor) is based upon your own independent investigation and judgment, please complete and sign this Acknowledgment.

1. I (we) have not received any information, either oral or written, regarding the sales, revenues, earnings, income or profits of Tijon Fragrance Lab Franchisees from any officer, employee, agent or sales representative of Franchisor other than in this document.

2. I (we) have not received or relied upon any assurances, promises, predictions, representations, or statements of any kind regarding how well my (our) Tijon Fragrance Lab franchise will perform financially, including but not limited to projected revenues, profits, or earnings, from any officer, employee, agent, sales representative, or other person acting on behalf of or affiliated with Franchisor, except as may be expressly set forth in Item 19 of Franchisor's Franchise Disclosure Document.

3. I (we) have made my (our) own independent determination that I have adequate working capital to develop, open and operate my (our) Tijon Fragrance Lab franchise.

4. I (we) acknowledge that Franchisor will use reasonable efforts to assist me (us) in choosing a location for my (our) Tijon Fragrance Lab business, but I also understand that I am (we are) responsible for the final decision regarding the selection of a suitable territory and site.

5. I (we) am not relying on any promises of Franchisor which are not contained in the Franchisor's Franchise Agreement.

6. I (we) understand and acknowledge that my (our) investment in a Tijon Fragrance Lab Franchise involves substantial business and financial risks, including the risk of total loss of my (our) investment, and that there is no guarantee or assurance that the franchise will be profitable or that I (we) will recover my (our) initial investment or any portion thereof. I (we) further acknowledge that the success or failure of the franchise depends primarily upon my (our) own business abilities, efforts, and decisions, as well as factors beyond Franchisor's control, including economic conditions, competition, and market factors.

7. I (we) have been advised by Franchisor and its representatives to seek professional legal and financial advice in all matters concerning the purchase of my (our) Tijon Fragrance Lab Franchise.

8. I (we) acknowledge and agree that the success of my (our) Tijon Fragrance Lab franchise depends primarily and substantially upon my (our) ability as an independent business person(s), my (our) active, continuous, and personal supervision of the day-to-day operation of the business, my (our) adherence to Franchisor's system and standards, my (our) business acumen and management skills, and various other factors, many of which are beyond Franchisor's control. I (we) further acknowledge that Franchisor makes no representations or guarantees regarding the level of success that may be achieved through my (our) efforts or otherwise.

9. The name(s) of the person(s) with whom I (we) dealt in the purchase of my (our) Tijon Fragrance Lab Franchise is (are) _____.

Dated: _____

Printed Name

Signature_____

Printed Name_____

Signature_____

**ADDENDUM C TO THE FRANCHISE AGREEMENT
ACCEPTED LOCATION AND PROTECTED TERRITORY**

Franchisee's Approved Location is hereby identified as follows:

Franchisee is authorized to open and operate a Tijon Fragrance Lab at the following specific
site: _____

Franchisor:
TIJON FRAGRANCE LAB FRANCHISING, INC.

By: _____
Name: _____
Its: _____

Franchisee:

By: _____
Name: _____
Its: _____

ADDENDUM D TO THE FRANCHISE AGREEMENT

GUARANTY

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement") by Tijon Fragrance Lab Franchising, Inc. (hereafter "Franchisor"), each of the undersigned individuals, jointly and severally ("Guarantors") hereby personally, unconditionally, and irrevocably: (1) guarantees to Franchisor and its affiliates, successors, and assigns, and their successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement and comply with all sections of the Agreement, as though the undersigned were the Franchisee.

Each of the undersigned waives:

- (a) acceptance and notice of acceptance by Franchisor and its affiliates of the foregoing undertakings;
- (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (d) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that:

- (a) his direct and immediate liability under this guaranty shall be joint and several;
- (b) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor or its affiliates of any remedies against Franchisee or any other person;
- (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor or its affiliates may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Each of the undersigned hereby irrevocably waives, until all obligations under the Agreement have been fully satisfied and any applicable statute of limitations has expired: (a) all rights to payments and claims for reimbursement, contribution, or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this guaranty; (b) any right to require Franchisor to proceed against Franchisee or any other person, or to pursue any other remedy; (c) any defense based on any disability, lack of corporate authority, or other defense of Franchisee; and (d) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, and notices of dishonor. This waiver shall survive any bankruptcy, insolvency, reorganization, or similar proceeding affecting Franchisee.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his or her signature as of the Effective Date of the Franchise Agreement.

PERCENTAGE OF OWNERSHIP
INTERESTS IN FRANCHISEE

GUARANTOR(S)

ADDENDUM E TO THE FRANCHISE AGREEMENT
BANK AUTHORIZATION FORM

I hereby authorize Tijon Fragrance Lab Franchising, Inc., hereinafter called "Tijon Fragrance Lab," to initiate debit entries to my___ Checking___ Savings account indicated below at the depository named below, hereinafter called DEPOSITORY and authorize DEPOSITORY to debit the same to such account.

DEPOSITORY (BANK) NAME: _____

BRANCH: _____

ADDRESS: _____

CITY: _____STATE:_____ZIP: _____

Bank/ABA #: _____

ACCOUNT #: _____

This authorization shall remain in full force and effect for the entire term of the Franchise Agreement, including all renewals and extensions thereof, and shall survive termination or expiration of the Franchise Agreement for any amounts owed to Franchisor. This authorization may only be revoked or replaced upon thirty (30) days prior written notice to Franchisor, provided that Franchisee is not in default under the Franchise Agreement and has provided Franchisor with a replacement authorization in form and substance acceptable to Franchisor.

FRANCHISEE: _____

FEDERAL IDENTIFICATION: _____
(Please print or type)

SIGNED: _____

DATE: _____

ADDENDUM F TO THE FRANCHISE AGREEMENT COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned _____ ("Tenant") hereby assigns, transfers and sets over unto Tijon Fragrance Lab Franchising, Inc., an Arizona corporation ("Tijon Fragrance Lab") all of Tenant's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease") respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Tijon Fragrance Lab shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless and until Tijon Fragrance Lab takes actual possession of the premises demised by the Lease pursuant to the terms hereof and delivers written notice of assumption to Landlord. Upon such assumption, Tijon Fragrance Lab shall only be liable for obligations arising from and after the date of such written assumption, and Tenant shall remain liable for all obligations arising prior to such date.

If Tijon Fragrance Lab takes possession of the premises demised by the Lease and delivers written notice to Landlord of its assumption of the Lease, Landlord shall recognize Tijon Fragrance Lab or its designee as tenant under the Lease. Tijon Fragrance Lab or its designee shall not be liable for any defaults occurring prior to the date of such written assumption or for any monetary obligations accruing prior to the date of such written assumption. Franchisee shall use commercially reasonable efforts to obtain Landlord's written consent to this Assignment in the form attached hereto as Exhibit 2, and shall cooperate fully with Tijon Fragrance Lab in securing such consent. To the extent Landlord does not execute such consent, Franchisee shall indemnify and hold harmless Tijon Fragrance Lab from any claims by Landlord relating to pre-assumption defaults or obligations.

Tenant represents and warrants to Tijon Fragrance Lab that it has full power and authority to so assign the Lease and its interest therein and that Tenant has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby to any party other than Tijon Fragrance Lab or a Tijon Fragrance Lab designee.

Upon (i) default by Tenant under the Lease, (ii) default by Tenant under the franchise agreement for a Tijon Fragrance Lab business between Tenant and Tijon Fragrance Lab (the "Franchise Agreement"), (iii) termination or expiration of the Franchise Agreement for any reason, or (iv) default by Tenant under any document or instrument securing the Franchise Agreement, Tijon Fragrance Lab shall have the immediate right and is hereby empowered, without further notice or demand, to take possession of the premises demised by the Lease, expel Tenant therefrom, and exercise all rights of Tenant under the Lease. Upon Tijon Fragrance Lab's exercise of such rights, Tenant shall have no further right, title or interest in the Lease and shall execute such further documents as Tijon Fragrance Lab may reasonably request to effectuate the assignment. Tenant shall remain liable to Tijon Fragrance Lab for all damages arising from Tenant's defaults.

Tenant agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Tijon Fragrance Lab, which consent may be withheld in Tijon Fragrance Lab's sole discretion. Through the term of the Franchise Agreement and any renewals or extensions thereof, Tenant agrees that it shall notify Tijon Fragrance Lab of all options to extend or renew the Lease not less than sixty (60) days prior to the last day such option must be exercised, and shall elect and exercise all such options not less than thirty (30) days prior to the last day such option must be exercised, unless Tijon Fragrance Lab otherwise directs in writing. Upon failure of Tenant to so notify or to timely

elect to extend or renew the Lease as required herein, Tenant hereby irrevocably appoints Tijen Fragrance Lab as its true and lawful attorney-in-fact, coupled with an interest, to exercise such extension or renewal options in the name, place and stead of Tenant. This power of attorney shall survive Tenant's bankruptcy, dissolution, or incapacity.

This _____ day of _____, 20____

TENANT:

By: _____

Name: _____

Title: _____

FRANCHISEE OWNERS:

By: _____

By: _____

By: _____

By: _____

Tijon Fragrance Lab Franchising, Inc.

By: _____

Name: _____

Title: _____

Initials

**ADDENDUM G TO THE FRANCHISE AGREEMENT
ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS**

This Assignment is entered into this _____ day of _____, _____, in accordance with the terms of that certain Tijon Fragrance Lab Franchising, Inc. Franchise Agreement (the "Franchise Agreement" between _____ ("Franchisee") and Tijon Fragrance Lab Franchising, Inc. an Arizona Corporation ("Franchisor"), executed concurrently with this Assignment, under which "Franchisor" granted "Franchisee" the right to own and operate a Tijon Fragrance Lab "Business" located at _____ (the "Facility").

For Value Received, "Franchisee" hereby assigns to "Franchisor" all of the right, title and interest in and to those certain telephone numbers listed below and all regular, classified, internet, online, social media, digital or other telephone directory listings, URLs, domain names, social media accounts, and online business profiles (collectively, the "Telephone Numbers and Listings") that incorporate, are associated with, or use Franchisor's trademarks and service marks or that are used in connection with the operation of the Business at the address provided above or any other location. Except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless and until Franchisor provides written notice to the applicable telephone companies, listing agencies, domain registrars, social media platforms, or other service providers (collectively, the "Service Providers") to effectuate the assignment. Upon termination or expiration of the Franchise Agreement, Franchisee shall immediately cooperate with Franchisor to transfer all Telephone Numbers and Listings and shall execute all documents reasonably necessary to effectuate such transfer.

Franchisor:
TIJON FRAGRANCE LAB FRANCHISING, INC.

Franchisee:

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

Telephone Numbers

Initials

ADDENDUM H TO THE FRANCHISE AGREEMENT

SAMPLE NON-DISCLOSURE AND NON-COMPETITION PROVISIONS FOR GENERAL MANAGERS

In consideration for employment, the undersigned, wishing to become a General Manager of _____, a Franchisee of Tijon Fragrance Lab Franchising, Inc, agrees to take the Tijon Fragrance Lab (hereinafter referred to as Franchisor) basic course in management of a retail perfumery selling a wide variety of perfumes and providing classes in perfume creation under the Tijon Fragrance Lab logo within 30 days of the date hereof.

The undersigned shall not, during the term of employment or for two (2) years thereafter, disclose to any unauthorized person or use for any unauthorized purpose any Proprietary Information pertaining to the Franchisee's or Franchisor's business, including without limitation information concerning inventory and product lists, customer names, contact information, purchase histories, marketing methods, advertising methods, equipment and supply sources, pricing techniques, financial information, business strategies, and any other information designated as confidential by the Franchisee or the Franchisor to the undersigned, without the Franchisor's prior written consent. In addition, the undersigned shall not disclose to any unauthorized person any Trade Secrets pertaining to the Franchisee's business, including information concerning formularies, lesson plans, business sales, and any other information represented as Trade Secrets by the Franchisee or the Franchisor to the undersigned, without the Franchisor's specific written consent in perpetuity unless said information becomes public knowledge through other means.

The undersigned shall not be involved directly or indirectly, as manager, general manager, sales agent, sales or management level employee, consultant, owner, or representative, in any business or business activity which is engaged wholly or partially in the business of a retail perfumery or any business substantially competitive with Franchisee's business, anywhere within an area defined by a fifty (50) mile radius of Franchisee's Protected Territory, during the term of employment, nor for a period of two years after its termination.

The undersigned expressly acknowledges and represents that, prior to entering into this Agreement, he/she was employed and earned a living in some occupation other than that contemplated by this Agreement, and would not be prevented or prohibited from being employed and earning a living upon the termination of this Agreement, whether voluntarily or involuntarily, in the event he/she was prohibited from engaging in the operation of a perfumery.

The undersigned acknowledges that a copy of this Agreement will be immediately provided to Tijon Fragrance Lab Franchising, Inc., which is an intended third party beneficiary with the right to bring an action under this provision.

The undersigned further acknowledges that he/she has received a copy of this Agreement.

Franchisee

Printed Name

Signature

Signature

Date

ADDENDUM I TO THE FRANCHISE AGREEMENT
PROMISSORY NOTE
(Installment Payment)

\$ _____

State of Arizona, _____

For value received, the undersigned does hereby promise to pay in lawful money of the United States of America, to Tijon Fragrance Lab Franchising, Inc., 4757 North Wolford, Tucson, Arizona 85749, or its, successors, designee, assigns, or order ("HOLDER") at a place designated by HOLDER the sum

of _____ and No/100 DOLLARS (\$ _____ .00), plus accrued interest

at a rate of _____ Percent (_____ %) simple interest, in cash or certified funds in the following manner:

(i) _____ DOLLARS (\$ _____ .00) due and payable on the _____ day of each month, beginning on _____ and continuing for _____ consecutive months; and

The MAKER hereof reserves the privilege of prepaying this note in whole or in part at any time without penalty and without the payment of any unearned interest. Any partial prepayment made shall not postpone the due date of any subsequent monthly installments or change the amount of such installments, unless HOLDER shall otherwise agree in writing.

Should a default occur in the payment of any installment under this note or in any provision contained herein or in the security agreement of even date herewith, the entire principal sum and accrued interest shall at once become due and payable, upon a ten (10) day written notice from date of receipt if accepted or from date of posting if not accepted specifying the default and sent certified mail to MAKER'S last known address, return receipt requested (said certified letter shall be deemed to be received whether claimed or unclaimed) or hand delivered, at the option of the HOLDER of this note.

MAKER may have the right to cure said default during the notice period, provided that HOLDER, in its sole discretion, permits such cure and MAKER has not previously defaulted under this NOTE or any related agreements. Failure to exercise this option by HOLDER shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. No waiver by HOLDER of any default shall operate as a waiver of any other default or of the same default on a future occasion. All rights and remedies of HOLDER are cumulative and may be exercised singularly or concurrently. MAKER and any surety, guarantor, endorser or other party including heirs, successors and assigns hereby waive presentment, notice, demand and protest and any homestead or exemption rights afforded them under State or Federal Laws.

MAKER agrees that the Franchise Agreement which is being purchased under an agreement of even date from Tijon Fragrance Lab Franchising, Inc., together with all rights, goodwill, and assets associated therewith, shall be security upon this NOTE. MAKER hereby grants HOLDER a security interest in the Franchise Agreement and all related assets, and agrees to execute any additional documents necessary to perfect such security interest.

Any installment paid more than ten (10) days after its due date shall bear a late fee of five percent (5%) per month (or any portion thereof), or the maximum allowed by law if less.

Should this NOTE, or any part of the indebtedness evidenced hereby, be collected by law or through an Attorney at Law, or should HOLDER engage an attorney to enforce any of its rights hereunder (whether or not litigation is commenced), the MAKER shall be liable for and shall pay to HOLDER all reasonable attorney's fees and costs incurred by HOLDER, including but not limited to fees for trial, appeal, bankruptcy proceedings, and post-judgment collection efforts. Such fees shall be the greater of (i) fifteen percent (15%) of the principal and interest then due, or (ii) HOLDER's actual reasonable attorney's fees and costs incurred, plus all other costs of collection, court costs, and expenses.

HOLDER by acceptance of this instrument agrees that, at any time prior to maturity, it offers this note for discount, it will first offer the note to MAKER on the same terms and conditions as offered by a third party. MAKER shall have fifteen (15) days from date of notice of said offer to exercise its right of first refusal hereunder.

Time is of the essence of this NOTE. MAKER acknowledges that timely payment is a material term of this NOTE and that HOLDER is relying upon such timely payment in entering into this transaction.

No extension or any modification of this instrument shall limit the obligations of any party executing or guaranteeing this instrument.

This NOTE shall be construed in all respects and enforced in accordance with the laws of the State of Arizona. MAKER acknowledges that this NOTE is a negotiable instrument and that HOLDER may transfer, assign, or negotiate this NOTE without notice to or consent of MAKER. MAKER waives any defenses based on any such transfer or assignment. This NOTE shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns. Witness by hand and seal this the first day above written.

MAKER:

_____(SEAL)

_____, In dividually

EXHIBIT B
To Franchise Disclosure Document

TIJON FRAGRANCE LAB FRANCHISING, INC.
DEVELOPMENT AGREEMENT

TIJON FRAGRANCE LAB FRANCHISING, INC.

AREA DEVELOPMENT AGREEMENT

DEVELOPER

DATE OF AGREEMENT

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the “Agreement”), is made and entered into on _____, by and between: (i) Tijon Fragrance Lab Franchising, Inc. , a Arizona corporation with its principal place of business at 4757 North Wolford, Tucson, AZ 85749 (the “Franchisor”); and (ii) _____, a/n _____ with a business address at _____ (the “Developer”).

WITNESSETH:

WHEREAS, as the result of the expenditure of time, effort and expense, Franchisor has created a unique and distinctive proprietary system (hereinafter the “System”) related to the establishment, development, opening, and operation of a business that provides custom fragrance creation services, perfume blending experiences, fragrance consultations, scent profiling, and related perfumery services (collectively, the “Approved Services”), along with certain fragrance-related products, essential oils, perfume supplies and merchandise that may or may not bear Franchisor’s proprietary marks (collectively, the “Approved Products”), with high levels of customer service and attention and in a clean, professional, inviting environment that is welcoming to clientele (each, a “Location”).

WHEREAS, Franchisor owns the System and the right to use the Proprietary Marks (as defined below), and grants the right and license to others to use the System and the Proprietary Marks;

WHEREAS, the distinguishing characteristics of the System include, without limitation, proprietary methodology and procedures for the establishment and operation of a Location, including custom fragrance creation techniques, perfume blending methodologies, scent profiling processes, fragrance consultation protocols, and customer service protocols; site selection guidance and criteria; specifications for the design, layout and construction of the interior of the Location to create an inviting fragrance laboratory and retail atmosphere; standards and specifications for the furniture, fixtures and equipment located within a Location, including fragrance blending stations, perfume organ displays, essential oil storage systems, scent testing equipment, fragrance mixing tools, bottling equipment, and other professional perfumery equipment; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Location.

WHEREAS, Franchisor identifies the System and licenses the use of certain trade names, service marks, trademarks, emblems and indicia of origin, including its current primary marks Tijon and Tijon Fragrance Lab, as well as certain other trade names, trademarks, service marks and trade dress, all of which Franchisor may modify, update, supplement or substitute in the future (collectively, the “Proprietary Marks”).

WHEREAS, Developer desires the right to develop, own and operate multiple franchised Locations under the System in a defined geographic area under a Development Schedule (the “Development Schedule”) set forth in this Agreement; and

WHEREAS, Developer acknowledges that Developer has conducted an independent investigation of the fragrance and perfume business contemplated by this Agreement and recognizes that, like any other business, the nature of the fragrance and perfume business conducted as a franchised Location may evolve and change over time, that an investment in a franchised Location involves a business risk and the success of the venture is largely dependent upon Developer's business abilities and efforts, the quality of fragrance services and products provided, and the ability to attract and retain skilled perfumers and fragrance consultants.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. REFERENCES AND DEFINITIONS

A. DEVELOPMENT AREA

"Development Area" means the specific geographic area described in Exhibit A, which is attached hereto and incorporated herein by reference. Developer acknowledges that the Development Area is granted solely for the purpose of developing System Locations in accordance with the Development Schedule and does not confer any exclusive territorial rights except as expressly provided in Section 4(B) of this Agreement and subject to all reservations of rights set forth in Section 4(A).

B. DEVELOPMENT SCHEDULE/DEVELOPMENT PERIOD

"Development Schedule" means the schedule for Developer to open and commence full operations of a specific cumulative number of System Locations as set forth in Exhibit B to this Agreement, which is attached hereto and incorporated herein by reference. Each "Development Period" is a period of time set forth in the Development Schedule by which Developer must meet each specific development obligation. For purposes of this Agreement, a System Location shall be deemed "open" or "opened" only when it is open to the public and conducting business operations in full compliance with all applicable System standards and the terms of the applicable Franchise Agreement. Time is of the essence with respect to all Development Schedule obligations.

C. FRANCHISE AGREEMENT

The term "Franchise Agreement" means the then-current form of agreements (including the franchise agreement and any exhibits, riders, collateral assignments of leases or subleases, shareholder guarantees and preliminary agreements) that Franchisor customarily uses in the granting of a franchise for the ownership and operation of a System Location, which may contain different terms than the form of Franchise Agreement that Developer executes in conjunction with the execution of this Agreement.

Concurrent with the execution of this Agreement, Developer shall execute the Franchise Agreement for the first Location that Developer is granted the right to open within the Development Area hereunder. Franchisor, in its sole discretion, but subject to the express provisions contained herein, may modify or amend in any respect the standard form of Franchise Agreement it customarily uses in granting a franchise for a System Location.

The parties agree and acknowledge that: (i) Developer must timely execute Franchisor's then-current form of Franchise Agreement for each System Location that Developer is required to open and commence operating pursuant to the Development Schedule, and Developer's failure to execute any such Franchise Agreement when required shall constitute a material breach of this Agreement; (ii) Franchisor may, in its sole and absolute discretion, modify or amend the form of Franchise Agreement that Franchisor is using as of the date this Agreement is executed as Franchisor deems appropriate for (a) use in the System generally, and (b) execution by the parties in connection with the Locations that Developer must subsequently open and commence operating under this Agreement; and (iii) Developer shall have no right to negotiate the terms of any then-current form of Franchise Agreement except as Franchisor may permit in its sole discretion, and Developer's refusal to execute any then-current form of Franchise Agreement shall constitute a material breach of this Agreement entitling Franchisor to immediately terminate this Agreement.

D. PRINCIPALS

The term "Principals" includes, collectively and individually, Developer's owners; if Developer is an entity, any officers and directors of Developer (including the officers and directors of any general partner of Developer) and any person or entity directly or indirectly owning and/or controlling ten percent (10%) or more of the equity or voting power of Developer, or a managing member or manager of a limited liability company. The initial Principals shall be listed in Exhibit D, which is attached hereto and incorporated herein by reference. Each of the Principals must execute the Guaranty and Assumption of Obligations in the form attached hereto (immediately following this Agreement), or in such other form as Franchisor may require, undertaking to be bound jointly and severally to all provisions of this Agreement. Developer shall promptly notify Franchisor in writing of any changes to the Principals, and any new Principal must execute the Guaranty and Assumption of Obligations prior to becoming a Principal. The failure of any Principal to execute and deliver the required Guaranty and Assumption of Obligations shall constitute a material breach of this Agreement.

2. USE OF SYSTEM

Developer acknowledges and agrees, and shall not contest or challenge, directly or indirectly, during the term of this Agreement or thereafter, Franchisor's sole and exclusive ownership of and rights to each and every aspect of the System, the Proprietary Marks, and all intellectual property associated therewith. Developer's right to use the System and the Proprietary Marks is specifically and strictly limited to the Development Area, is non-exclusive except as expressly provided in Section 4(B), and is subject to all terms and conditions of this Agreement and each Franchise Agreement executed pursuant hereto. Developer acknowledges that any unauthorized use of the System or Proprietary Marks, or any use outside the scope expressly granted herein, shall constitute a material breach of this Agreement and an infringement of Franchisor's intellectual property rights.

3. GRANT OF DEVELOPMENT RIGHTS

A. GRANT AND TERM

In reliance on the representations, warranties, and covenants of Developer and its Principals contained in this Agreement, which Developer and its Principals acknowledge are material inducements to Franchisor entering into this Agreement, Franchisor grants to Developer, and Developer hereby accepts, the right and obligation to develop _____ () System Locations within the Development Area in strict compliance with all terms of this Agreement, including without limitation the timely development obligations to open a specific cumulative number of System Locations over prescribed periods of time as established in the Development Schedule; and in strict compliance with all obligations and provisions under each Franchise Agreement entered into for the right to own and operate each individual System Location. Developer acknowledges that this grant is personal to Developer and is non-transferable except as expressly provided in this Agreement. Developer further acknowledges that the rights granted hereunder may be terminated by Franchisor in accordance with the termination provisions of this Agreement, and that upon any such termination, all rights granted to Developer hereunder shall immediately cease and revert to Franchisor.

The term of this Agreement shall commence upon full execution of this Agreement and, unless earlier terminated by Franchisor pursuant to the terms hereof, this Agreement shall expire upon the earlier of: (i) the date Developer timely opens the last System Location it is required to open and commence operations within the Development Area pursuant to this Agreement; or (ii) the last day of the last Development Period on the Development Schedule. Developer acquires no rights under this Agreement to develop System Locations outside the Development Area. Upon expiration or termination of this Agreement for any reason, Developer will have no rights whatsoever within the Development Area (other than any territorial rights that Franchisor has granted to Developer in connection with any System Location(ies) that Developer has timely opened pursuant to a Franchise Agreement as required by the Development Schedule prior to the date this Agreement is terminated or expires).

B. COMMITMENT OF DEVELOPER

Franchisor has granted these rights in reliance on the business skill, financial capability, personal character and expectations of performance by the Developer and its Principals. This Agreement is for the purpose of developing and operating the System Locations, and is not for the purpose of reselling the rights granted by this Agreement.

C. DEVELOPMENT PLAN

The following conditions and approvals are conditions precedent before the right of Developer to develop each System Location becomes effective. At the time Developer selects a site for each System Location, Developer must satisfy the operational, financial, staffing and training requirements, set forth below:

(1) Operational: Developer must be in substantial compliance with the material terms and conditions of this Agreement and all Franchise Agreements granted Developer. For each

System Location operated by Developer, Developer must be in substantial compliance with the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement), including maintaining adequate staffing levels of trained fragrance consultants, compliance with all applicable state and local business licensing requirements, and adherence to local Department of Health Services regulations regarding product safety, sanitation standards, and workplace safety requirements applicable to retail fragrance operations.

(2) Financial: Developer and the Principals must satisfy Franchisor's financial criteria for Developers and Principals with respect to Developer's operation of its existing System Locations, if any, and the proposed System Location. Developer must be in compliance and not been in default during the twelve (12) months preceding Developer's request for approval, of any monetary obligations of Developer to Franchisor or its affiliate under any Franchise Agreement granted under this Agreement.

D. EXECUTION OF FRANCHISE AGREEMENT

This Agreement is not a Franchise Agreement and does not grant Developer any right or license to operate a System Location, or to provide services, or to distribute goods, or any right or license in the Proprietary Marks. Developer must timely execute Franchisor's then-current form of Franchise Agreement for each System Location that Developer is required to open under the Development Schedule.

4. DEVELOPMENT RIGHTS AND OBLIGATIONS

A. RESERVATION OF RIGHTS

Franchisor (on behalf of itself and its affiliate and its subsidiaries) retains the rights, in its sole discretion and without granting any rights to Developer: (1) to itself operate, or to grant other persons the right to operate, System Locations at locations and on terms Franchisor deems appropriate outside the Development Area granted Developer, and (2) to sell the products and services authorized for System Locations under the Proprietary Marks or under other trademarks, service marks and commercial symbols through dissimilar channels of distribution and under terms Franchisor deems appropriate within and outside the Development Area, including, but not limited to, by electronic means, such as the Internet, and by web sites established by Franchisor, as we determine, in our sole discretion.

In addition, Franchisor, any other developer and any other authorized person or entity shall have the right, at any time, to advertise and promote the System, in the Development Area. Developer acknowledges and agrees that Developer is only granted the right to develop and operate System Locations within the Development Area. Accordingly, within and outside the Development Area, Franchisor and its affiliate and its subsidiaries may also offer and sell, and may authorize others to offer and sell products and services identified by the Proprietary Marks (including memberships and gift cards) at or from any location.

Franchisor or any other developer or any other authorized person or entity shall have the right, at any time, to establish and operate businesses offering dissimilar products or dissimilar services within and outside the Development Area granted by the Area Development Agreement

and within and outside the Designated Territory granted by a Franchise Agreement, under the Proprietary Marks and on any terms and conditions as determined by Franchisor; to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at a System Location and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating, which may include within the Development Area granted by this Area Development Agreement and within the Designated Territory granted by any franchise agreement.

Franchisor may be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction, by a business providing products and similar services to those provided at a System Location, or by another business, even if such business operates, franchises and/or licenses competitive businesses within the Development Area granted by the Area Development Agreement and within the Designated Territory granted by a Franchise Agreement.

Franchisor has the right to own, operate and license others to own and operate other business concepts in and outside the Development Area, provided the other business concepts are not similar to a System Location utilizing the Proprietary Marks and System.

Franchisor has no obligation and will not pay Developer if it exercises any of the rights specified above within the Development Area granted by the Area Development Agreement or within the Designated Territory granted by a Franchise Agreement.

B. RIGHTS DURING DEVELOPMENT PERIODS

Except as provided below, if Developer (i) is in compliance with the material terms and conditions contained in this Agreement, including the timely development obligations to open a specific cumulative number of System Locations over prescribed periods of time as established in Exhibit B (the “Development Schedule”) and (ii) is in substantial compliance with all material obligations under Franchise Agreements executed by Developer for individual System Locations under this Agreement; then during the Development Schedule, Franchisor: (i) will grant Developer the right to own and operate System Locations located within the Development Area pursuant to the terms of this Agreement; and (ii) will not operate (directly or through its affiliate), nor grant a franchise for the location of, any System Location within the Development Area, except for franchises granted to Developer under this Agreement, or other than through the uses and exceptions as described in Section 4(A) of this Agreement.

If Developer, for any reason within his control, fails to comply with the Development Schedule, this failure constitutes a material default of this Agreement, and Franchisor has the right to terminate this Agreement pursuant to Section 14 of this Agreement. In the event Developer fails to cure the noticed default within the time allowed under Section 14, Franchisor may terminate this Agreement and grant individual or area development franchises within the Development Area to third parties or own and operate Locations owned by Franchisor or by the affiliate of Franchisor. Franchisor and Developer agree that the timely development of Locations by Developer in compliance with the Development Schedule will control the rights granted Developer by this Agreement, regardless of the time period granted Developer to open a Location pursuant to a

Franchise Agreement for such Location. Upon termination of this Agreement, all rights granted Developer revert to Franchisor, who is free to franchise any other person to use the System within the Development Area or to itself own and operate System Locations within the Development Area.

Notwithstanding anything contained in this Section, Franchisor will provide Developer with a one-time reasonable extension of time not to exceed 90 days to comply with its development obligations in any one of the Development Period as set forth in the Development Schedule (see Exhibit B), provided: (i) Developer has already executed a lease for, or otherwise obtained, a Premises that Franchisor approves for any System Location(ies) it is required to open and operate during that Development Period; and (ii) Developer notifies Franchisor of its need for such an extension no less than 30 days prior to expiration of that Development Period. The parties agree and acknowledge that Franchisor's grant of this one-time extension under this Section will not extend, modify or otherwise affect the expiration of any of Developer's subsequent Development Periods or subsequent development obligations.

C. DEVELOPMENT OBLIGATIONS

Developer will at all times faithfully, honestly, and diligently perform his obligations under this Agreement and will continuously exert his best efforts to timely promote and enhance the development of System Locations within the Development Area. Developer agrees to open and operate the cumulative number of System Locations at the end of each Development Period set forth in the Development Schedule (see Exhibit B). Developer agrees that compliance with the Development Schedule is the essence of this Agreement.

D. EXPIRATION OR TERMINATION

After this Agreement expires or terminates for any reason, Franchisor shall have the absolute right to own and operate, or license other parties the right to own and operate System Locations, in the Development Area, except in those Designated Territories granted under each Franchise Agreement that Developer enters into pursuant to this Agreement.

5. FACILITY CLOSINGS

If during the term of this Agreement, Developer ceases to operate any System Location developed under this Agreement for any reason, Developer must develop a replacement System Location to fulfill Developer's obligation to have open and in operation the required number of System Locations upon the expiration of each Development Period. The replacement System Location must be open and in operation within nine (9) months after Developer ceases to operate the System Location to be replaced or Developer will be in material breach of this Agreement. If, during the term of this Agreement, Developer, in accordance with the terms of any Franchise Agreement for a System Location developed under this Agreement, transfers its interests in that System Location, a transferred System Location shall continue to be counted in determining whether the Developer has complied with the Development Schedule so long as it continues to be operated as a System Location. If the transferred System Location ceases to be operated as a System Location, it will not count toward Developer's compliance with the Development Schedule.

6. PROCEDURE FOR EXERCISING DEVELOPMENT RIGHTS

Developer shall enter into a separate Franchise Agreement with Franchisor for each System Location developed pursuant to this Agreement. The Franchise Agreement to be executed for the first System Location to be developed by Developer under this Agreement must be executed and delivered to Franchisor concurrently with the execution and delivery of this Agreement. All subsequent System Locations developed under this Agreement must be established and operated under the then-current form of Franchise Agreement then being used by Franchisor for System Locations under the System. The then-current form of Franchise Agreement may differ from the form attached as Exhibit C, including different royalty fees and advertising contributions among other things. Developer must execute the then-current form of Franchise Agreement for each System Location to be developed under this Agreement.

Developer acknowledges that the projected opening dates for each System Location set forth in the Development Schedule are reasonable requirements. Developer must execute the then-current form of Franchise Agreement for each Location by the earlier of: (i) fifteen (15) days from the date a lease is signed for a location that Franchisor approves for the System Location at issue; and (ii) the date necessary for Developer to otherwise comply with its development obligations under this Agreement (both subject to applicable waiting periods under state and federal franchise laws).

7. DUTIES OF DEVELOPER

A. ORGANIZATION OF DEVELOPER

Developer makes the following representations, warranties and covenants and accepts the following continuing obligations:

(1) If Developer is a corporation, limited liability company or a partnership, Developer represents, warrants and covenants that: (i) Developer is duly organized and validly existing under the state law of its formation; (ii) Developer is duly qualified and is authorized to do business in each jurisdiction which requires such qualification; (iii) the execution and performance of this Agreement are within Developer's corporate power, if Developer is a corporation or if Developer is a partnership permitted under Developer's written partnership agreement, or if Developer is a limited liability company, permitted under the management agreement;

(2) If Developer is a corporation, copies of its articles of incorporation, bylaws, other governing documents, any amendments, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, shall be promptly furnished to Franchisor. If Developer is a partnership, copies of Developer's written partnership agreement and other governing documents shall be promptly furnished to Franchisor before the execution of this Agreement. If Developer is a limited liability company, copies of Developer's organizational documents and management agreement shall be promptly furnished to Franchisor;

(3) If Developer is a corporation, partnership, limited liability company, or other form of legal entity other than an individual, Developer shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Developer

or, if Developer is a partnership, Developer shall maintain at all times a current list of all owners of an interest in the partnership, or, if Developer is a limited liability company, it shall maintain at all times a current list of managers and members of the limited liability company;

(4) If, after the execution of this Agreement, any person ceases to qualify as one of the Developer's Principal's (as defined in Section 1), or if Developer believes in the event any individual later qualifies as one of Principals, Developer shall promptly notify Franchisor and that person shall execute any documents (including, as applicable, this Agreement) as Franchisor may reasonably require;

(5) If Developer is a corporation, Developer must maintain stop-transfer instructions against the transfer of its records of any equity security and each stock certificate of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 7 shall not apply to a publicly held corporation. If Developer is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to and that further assignment or transfer is subject to restrictions imposed on assignments by this Agreement. If Developer is a limited liability company, its articles of organization and operating agreement must provide that ownership interests are subject to restrictions on transfers imposed on assignments by this Agreement;

(6) Developer agrees to maintain at all times throughout the term of this Agreement, sufficient working capital to fulfill its obligations under this Agreement; and

(7) Each Principal who has right, title, or interest of ten percent (10%) or more in the ownership of Developer, must each execute and bind themselves to the confidentiality and noncompetition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to Compete (Exhibit E). The Principals agree to jointly and severally guarantee the performance of all of Developer's obligations, under the terms of this Agreement, except the obligation to open Locations.

B. REQUIREMENTS OF REPRESENTATIVE

Upon the execution of this Agreement, Developer must designate and retain an individual throughout the term of this Agreement to act on behalf of Developer in all transactions with Developer concerning Developer's obligations under this Agreement (the "Representative"). If Developer is an individual, Developer must perform all obligations of the Representative. The Representative must use reasonable efforts to do the following, during the entire period he serves in that capacity: (1) maintain a direct or indirect ownership interest in the Developer; (2) devote substantial time and reasonable efforts to the supervision and conduct of the business contemplated by this Agreement and execute this Agreement as one of the Principals; and (3) meet Franchisor's standards and criteria for a Representative as set forth in the Manuals or otherwise in writing by Franchisor. If the Representative or any designee is not able to continue to serve in the capacity of Representative or no longer qualifies, Developer must promptly notify Franchisor and designate a replacement.

C. BEST EFFORTS; COMPLIANCE WITH APPLICABLE LAWS

Developer must use his best efforts to substantially comply with all requirements of federal, state and local rules, regulations and orders. Developer will have sole authority and control over the day-to-day operations of the Franchised Business and Developer's employees and/or independent contractors. Developer agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Developer or Developer's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

8. SITE SELECTION, LEASES, FRANCHISE AGREEMENT

A. SELECTION OF SITE BY DEVELOPER

Developer assumes all costs, liabilities, expenses and responsibilities for locating, obtaining, financing and developing sites for System Locations, and for constructing and equipping System Locations at those sites. The selection of a site and the development of a Location at any site is the responsibility of Developer. The selection of a site by Developer is subject to our approval and must be in compliance with Franchisor's site selection procedures and its standards for demographic characteristics, parking, traffic patterns and the predominant character of the neighborhood, and other commercial characteristics of the site and any other factors Franchisor may consider relevant in reviewing a site selected by Developer. Developer must not enter into a binding commitment with a prospective seller or lessor of real estate with respect to the site for a Location until Franchisor has approved the proposed site. Developer specifically acknowledges that the selection of a site by Developer in compliance with Franchisor's site selection procedures and the approval of a site by Franchisor does not constitute a representation, promise or guarantee by Franchisor that the site and the Location to be operated at that site will be profitable or successful. Developer acknowledges that factors governing the success of a System Location are unpredictable and beyond Franchisor's control. Franchisor is not responsible to Developer or to any other person or entity if a site approved by Franchisor fails to meet Developer's expectations for revenue or operational criteria.

B. DEMOGRAPHIC INFORMATION

Before acquiring a site for any Location by lease or purchase, Developer must locate a site for the Location that satisfies the site selection guidelines Franchisor provides to Developer and must submit to Franchisor, in the form Franchisor specifies, a description of the site, a demographic study and other information and materials Franchisor may reasonably require and shall represent and warrant in writing that Developer has the option or other firm commitment to obtain the site and that all information provided is true, accurate, and complete. Franchisor will review information provided by Developer for the site which may include the population demographics, character of the neighborhood, household income, foot traffic patterns, visibility, parking availability, proximity to complementary businesses, ingress and egress, and trade area. If on-site evaluations by Franchisor are requested by Developer or determined to be necessary by Franchisor, then Franchisor or its designee will, at Franchisor's expense, provide a single on-site inspection in

connection with each Location that Developer is required to open hereunder at Franchisor's expense. Developer must reimburse Franchisor for the reasonable expenses Franchisor incurs for any additional on-site evaluations, including, but not limited to, the cost of travel, lodging, meals and wages of Franchisor's representatives and employees, within fifteen (15) days of receipt of an invoice from Franchisor. Failure to timely reimburse Franchisor shall constitute a monetary default under this Agreement.

C. LEASE OR PURCHASE OF SITE

Developer shall not make any binding commitment to purchase or lease real estate for a proposed site for a System Location until the proposed site has been approved by Franchisor and a Franchise Agreement has been executed by Franchisor and Developer (or its affiliate) for a Location at such site. Developer shall provide Franchisor with a copy of either the proposed contract of sale or lease relating to the site at least thirty (30) days before the Franchise Agreement is executed, to allow Franchisor adequate time to review and approve the terms thereof. Developer must comply with the conditions set forth in the Franchise Agreement at issue in connection with the signing of such a lease, including ensuring that both Developer and the landlord for the proposed site execute Franchisor's prescribed form of Collateral Assignment of Lease. Developer shall not execute any lease or purchase agreement that contains terms materially inconsistent with Franchisor's requirements or that would prevent Developer from fully complying with this Agreement or any Franchise Agreement.

Developer may, but shall not be required to, pay Franchisor's designated supplier or affiliate a Project Management Fee for each System Location beyond the first System Location.

D. FRANCHISE AGREEMENT

Franchisor will deliver a Franchise Agreement, in the then-current form, to Developer for execution by Developer (or its affiliate). With the execution of this Agreement, Developer must concurrently execute the Franchise Agreement establishing Developer's first System Location and return both this Agreement and the Franchise Agreement to Franchisor. If Developer fails to execute the Franchise Agreement within fifteen (15) days of receipt, Franchisor may, at its sole discretion, revoke its approval of the site and its offer to grant Developer a franchise to operate a System Location at the site, and such failure shall constitute a material breach of this Agreement.

9. DEVELOPMENT FEE

Concurrently with the execution of this Agreement, Developer must pay to Franchisor a nonrefundable area development fee equal to \$_____ (the "Development Fee"). The Development Fee is deemed fully earned by Franchisor upon execution of this Agreement in consideration of Franchisor's reservation of the Development Area for Developer's exclusive use, administrative costs, lost development opportunities, and opportunity costs, and is nonrefundable under any circumstances, including but not limited to termination of this Agreement for any reason, Developer's breach, or Developer's voluntary termination. Developer will not be required to pay any additional initial franchise fee for each Location opened pursuant to this Agreement upon executing a Franchise Agreement for that Location.

10. SUPERIORITY OF INDIVIDUAL FRANCHISE AGREEMENT

Developer understands and agrees that any and all individual Franchise Agreements executed by Developer and Franchisor for System Locations within the Development Area are independent of this Agreement. The continued effectiveness of any Franchise Agreement does not depend on the continued effectiveness of this Area Development Agreement. If any conflict arises between this Agreement and any Franchise Agreement, the Franchise Agreement controls, has precedence and superiority (except with respect to the opening deadline for each System Location Developer is granted the right to open under this Agreement and except with respect to the Development Area exclusivity granted herein). Notwithstanding the foregoing, if any provision of a Franchise Agreement would materially diminish or impair Franchisor's rights under this Agreement, the provision most favorable to Franchisor shall control.

11. COVENANTS

A. Developer and the Representative covenant that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer and the Representative must devote substantial time, energy and best efforts to the management and operation of the development activities required under this Agreement. Developer acknowledges that "substantial time" means no less than the time reasonably necessary to meet all development obligations and deadlines set forth in the Development Schedule, and "best efforts" means efforts consistent with those of a reasonably prudent developer seeking to maximize the success of the development program.

B. Developer acknowledges that, as a participant in Franchisor's System, Developer will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that Franchisor has developed for operating perfume businesses. As such, Developer agrees to the covenants in this Section to protect Franchisor, the System, Proprietary Marks and Franchisor's other franchisees and developers.

(1) During the term of this Agreement, neither Developer, its Principals, owners, officers or guarantors, nor any immediate family of Developer, its Principals, owners, officers or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(a) Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with, any other business that (a) generates revenue from the sale, creation, customization, or distribution of perfumes, fragrances, scented products, or related personal fragrance services (or any combination thereof) that is similar to that offered by a System Location (each, a "Competing Business"), or (b) offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business. For purposes of this Agreement, a Competing Business does not include: (i) any business operated by Developer under a Development Agreement or Franchise Agreement with Franchisor; or (ii) any business operated by a publicly traded entity

in which Developer owns less than two percent (2%) legal or beneficial interest and in which Developer has no management, operational, or advisory role;

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

(c) Divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

(2) For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Developer, its principals, owners and guarantors, nor any member of the immediate family of Developer, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, be involved with any business that competes in whole or in part with Franchisor by offering or granting licenses or franchises, or establishing joint ventures, for the ownership or operation of a Competing Business. The geographic scope of the covenant contained in this Section is any location where Franchisor can demonstrate it has offered or sold franchises as of the date this Agreement is terminated or expires.

(3) For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Developer, its Principals, owners, officers and guarantors, nor any member of the immediate family of Developer, its Principals, owners, officers or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(a) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, or have any interest in or involvement with any other Competing Business within a fifty (50) mile radius of the: (i) the Development Area; or (ii) any other System Location (whether franchised or company-owned) that is open or under development as of the date this Agreement expires, terminates, or is assigned in any manner; or

(b) Solicit business from customers of Developer's former Locations, or contact any of Franchisor's suppliers or vendors for any competitive business purpose or to interfere with Franchisor's relationships with such suppliers or vendors, nor solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee or developer to discontinue employment.

C. It is the parties' intent that the provisions of this Section 11 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 11 by Developer, any of Developer's Principals, or any member of the immediate family of Developer or Developer's Principals, Franchisor shall be entitled to an injunction

restraining such person from any such actual or threatened breach. Developer acknowledges that the covenants contained herein are necessary to protect the goodwill of other System franchisees and developers, and the System. Developer further acknowledges that covenants contained in this Section 11 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Developer agrees that in the event of the actual or threatened breach of this Section 11, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Developer and the Principals agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 11. Developer acknowledges and agrees on Developer's own behalf and on behalf of the persons who are liable under this Section 11 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 11 in no way prevent any such person from earning a living. Developer further acknowledges and agrees that the time limitation of this Section 11 shall be tolled during any default under this Section 11.

D. Developer must ensure that all management personnel of Developer's Locations opened under this Agreement, as well as any officers, directors, or Principals of Developer, execute Franchisor's then-current form of Confidentiality and Non-Competition Agreement prior to commencing their duties or receiving access to any Confidential Information. Developer must furnish Franchisor a copy of each executed agreement within five (5) days of execution. Failure to obtain and provide such executed agreements shall constitute a material breach of this Agreement.

E. Developer hereby agrees that the existence of any claim Developer may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 11. Developer agrees to pay all costs and expenses (including reasonable attorneys' fees, court costs, expert witness fees, and costs of investigation and discovery) that Franchisor incurs in connection with the enforcement of this Section 11, regardless of whether formal legal proceedings are commenced.

F. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to reduce the period of time or geographic scope of the non-competition covenants set forth in this Section 11 and in Exhibit E, by written notice to Developer.

12. RELATIONSHIP OF THE PARTIES

A. The parties agree that this Agreement does not create a fiduciary relationship between them, that Developer is an independent contractor and must at all times represent itself as an independent contractor. This Agreement does not create either party as an agent, legal representative, subsidiary, joint venturer, partner, employee or joint employer. Developer shall hold itself out to the public as an independent contractor operating pursuant to this Agreement. Developer agrees to take any action necessary to that end, including without limitation, exhibiting a notice on signage, customer service agreements, invoices, receipts, and all marketing materials, as required by Franchisor as to content and manner of disclosure, and maintaining such notices in a form and manner that is clearly visible and conspicuous to customers and the public. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer or joint employer of Developer's employees and/or independent contractors.

B. Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of any such action, or for any act or omission of Developer in the conduct of its business pursuant to this Agreement or any claim or judgment arising therefrom.

C. Developer and each of the Principals shall, at all times, indemnify and hold harmless Franchisor and its affiliate, successors and assigns and the officers, directors, shareholders, agents, representatives and employees of each of them ("Indemnitees") from all losses and expenses incurred in connection with any formal or informal action, suit, proceeding, claim, demand, investigation or inquiry or any settlement thereof, which arises out of or is based upon the action or negligence of Developer or any Principal in any of the following:

(1) The infringement, alleged infringement, or any other violation or alleged violation of any Proprietary Mark or other proprietary right owned by Franchisor;

(2) Claims of sexual harassment or discrimination by Developer's employees or by a customer at the Location;

(3) The violation of any federal, state or local law, regulation, rule, standard or directive, or any industry standard, including without limitation, health, sanitation and safety laws and regulations;

(4) Libel, slander or any other form of defamation of Franchisor or the System, by Developer or the Principals;

(5) The violation or breach by Developer or any of the Principals of any warranty, representation, agreement or obligation of this Agreement or any Franchise Agreement; and

(6) Acts, errors or omissions of Developer or any of its agents, servants, employees, contractors, partners, affiliates or representatives.

Notwithstanding anything contained in this Section 12(C), Developer will not be required to indemnify, defend or hold Franchisor harmless for any claims or causes of action that arise solely out of Franchisor's gross negligence or willful misconduct.

D. Developer and each of the Principals agree to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation.

E. Franchisor may, at any time and without notice, as it, in its reasonable discretion, consent, or agree to settlement, or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation.

F. All losses and expenses incurred under this Section 12 shall be chargeable to and shall be paid by Developer or any of the Principals pursuant to this Section 12, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such

actions, activity or defense. However, Franchisor will indemnify Developer from losses or expenses resulting from the direct result of Franchisor's negligence or intentional acts.

G. The phrase "losses and expenses" shall include, without limitation, all monetary losses, compensatory, exemplary or punitive damages, fines, actual costs, expenses, lost profits, reasonable attorneys' fees, court costs, settlement amounts, judgments, damages to Franchisor's reputation and goodwill, costs of financing or advertising material and media costs and all expenses of recall, refunds, compensation, public notices and such other amounts incurred in connection with the matters described.

H. Developer must give Franchisor notice of any such action immediately upon Developer having received notice of any such action, claim or proceeding.

I. Under no circumstances shall Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Developer. Developer and the Principals agree that the failure of Franchisor to pursue recovery or mitigate loss from third parties will in no way reduce the amounts recoverable from Developer or the Principals.

J. Developer and the Principals expressly agree that the terms of this Section 12 shall continue in full force and effect after the termination, expiration or transfer of this Agreement or any interest herein.

13. PROPRIETARY MARKS

A. Developer acknowledges that Developer has no interest in or to the Proprietary Marks and Developer's right to use the Proprietary Marks is derived solely from the individual Franchise Agreements entered into between Developer and Franchisor for the purpose of operating System Locations. Developer agrees that all usage of the Proprietary Marks by Developer and any goodwill established exclusively benefits Franchisor. Developer agrees that after termination or expiration of this Agreement, Developer will not, except with respect to System Locations operated by Developer under individual Franchise Agreements, directly or indirectly, at any time or in any manner identify itself or any business as a Developer or former Developer of, or otherwise associated with, Franchisor or use in any manner or for any purpose any Proprietary Mark or other indicia of a System Location or any colorable imitation.

B. Developer must not use any Proprietary Mark as part of any corporate or trade names or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may Developer use any Proprietary Mark in connection with any business or activity, other than the business conducted by Developer under Franchise Agreements entered into between Developer and Franchisor, or in any other manner not explicitly authorized in writing by Franchisor.

C. Developer must immediately notify Franchisor in writing of any apparent infringement of or challenge to Developer's use of any Proprietary Mark, or claim by any person of any rights in any Proprietary Mark or similar trade name, trademark, or service mark of which Developer becomes aware. Developer must not communicate with any person other than Franchisor and its counsel regarding any infringement, challenge or claim. Franchisor has sole

discretion to take action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Proprietary Mark.

D. Developer acknowledges that Franchisor is the lawful and sole owner of this domain name, which incorporates any of the Proprietary Marks. Developer agrees not to register any of the Proprietary Marks now or hereafter owned by Franchisor or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names, including, but not limited to, generic and country code top level domain names available at the present time or in the future.

E. Developer agrees and acknowledges that this Agreement does not grant Developer any rights whatsoever to use any Proprietary Mark, and that such rights are only granted through Developer's timely execution of a Franchise Agreement that will govern the operation of a Location that Developer is required to open pursuant to the Development Schedule

14. TERMINATION

A. Franchisor may terminate this Agreement for a material default of this Agreement by Developer and all rights granted herein shall automatically terminate upon written notice to Developer, upon the occurrence of any of the following:

(1) If Developer becomes insolvent, makes a general assignment for the benefit of creditors; files a voluntary petition in bankruptcy, or an involuntary petition is filed against Developer in bankruptcy; or Developer is adjudicated bankrupt; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by a court of competent jurisdiction; or if a proceeding for a composition of creditors under any state or federal law should be initiated against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer, (unless supersedeas bond is filed); or if Developer is dissolved; or if execution is levied against Developer; or if a suit to foreclose any lien or mortgage against the premises or Location is levied; or if the real or personal property of Location is sold after levy thereon by any sheriff, marshal or law officer;

(2) If Developer or any of its Principals fail to comply with Section 11 of this Agreement;

(3) If Developer or a Principal discloses the contents of the Manuals or other confidential information contrary to this Agreement;

(4) If an immediate threat or danger to public health or safety results from the operation of a Location operated by Developer under a Franchise Agreement;

(5) If Developer or a Principal has made material misrepresentations in connection with its application for the franchise;

(6) If Developer fails on three (3) or more occasions within any one (1) year period to comply with one (1) or more provisions of this Agreement, whether or not such failures to comply are cured after notice thereof is delivered to Developer; or

(7) Failure to comply with the conditions of transfer of any interest in Developer as required of this Agreement.

B. Franchisor may terminate this Agreement and all rights granted herein, upon thirty (30) days written notice to Developer, or a less time as specified below, for a material default of this Agreement, which shall constitute good cause for termination and the failure of Developer to cure the good cause for termination within the notice period. Good cause for termination shall be the occurrence of any one of the following events of default:

(1) If Developer fails to meet the development requirements set forth in the Development Schedule;

(2) If Developer fails to develop, open and operate each Location and execute each Franchise Agreement in compliance with this Agreement;

(3) If Developer fails to designate a qualified replacement Representative;

(4) If Developer misappropriates, misuses or makes any unauthorized use of the Proprietary Marks or materially impairs the goodwill associated with the Proprietary Marks or with the System and does not cure such default following written notice from Franchisor;

(5) If Developer, fails, refuses or is unable to promptly pay when due any monetary obligation to Franchisor or its affiliate required by this Agreement, or by any Franchise Agreement or any other agreement between the parties and does not cure the monetary default within fourteen (14) days following written notice from Franchisor;

(6) If Developer fails to correct a deficiency of a health, sanitation, safety, or licensing issue (including but not limited to retail licensing, fragrance product handling requirements, or sanitation standards applicable to perfume retail establishments) after notice of such deficiency is issued by a local, state, or federal agency or regulatory authority; or

(7) If Developer fails to comply with any other material term or material condition imposed by this Agreement or any Franchise Agreement executed pursuant thereto.

C. Failure of Developer to cure the default within the specified time, or a longer period of time as applicable law may require, will result in Developer's rights under this Agreement to be terminated effective on the expiration of the notice period, and without further notice to Developer.

D. Upon termination of this Agreement, Developer has no right to establish or operate any Location for which an individual Franchise Agreement has not already been executed by both Franchisor and Developer, as well as delivered to Developer, as of the date of termination. Franchisor, effective upon termination of this Agreement, shall have the absolute right and is entitled to establish, and to license others to establish, System Locations in the Development Area,

except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Developer.

E. Except as required by applicable state law, Developer may not terminate this Agreement prior to the expiration of the last Development Period without the prior written consent of Franchisor, which Franchisor may withhold in its sole and absolute discretion. Developer's sole remedy for any alleged breach of this Agreement by Franchisor is to seek damages or other relief through the dispute resolution procedures set forth in Sections 21 and 22 of this Agreement.

F. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties, unless Developer's acts or omissions also violate the terms and conditions of the applicable Franchise Agreement.

G. No right or remedy herein conferred upon or reserved to the Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

15. EFFECT OF TERMINATION AND EXPIRATION

All obligations of Franchisor and Developer under this Agreement, which expressly or by their nature survive the expiration or termination of this Agreement, continue in full force and effect after the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

16. TRANSFER OF INTEREST

A. BY FRANCHISOR

Franchisor has the absolute right to transfer or assign this Agreement and all or any part of its rights, duties or obligations to any person or legal entity without the consent of or notice to Developer. This Agreement shall inure to the benefit of, and be binding on the successors and assigns of Franchisor.

B. DEVELOPER MAY NOT ASSIGN WITHOUT APPROVAL OF THE FRANCHISOR

Developer understands and acknowledges that the rights and duties created by this Agreement are personal to Developer and its owners and that Franchisor has granted these rights to Developer in reliance upon and after careful evaluation of the individual or collective character, skill, aptitude, attitude, business ability, financial capacity, and understanding of the perfume and fragrance industry of Developer and/or its owners. Developer acknowledges that any material misrepresentation or omission in the information provided to Franchisor during the application and approval process may constitute grounds for termination of this Agreement. Unless otherwise provided with respect to an assignment to an entity controlled by Developer as provided in Section 16(D), none of these rights nor any ownership interest in Developer may be voluntarily, involuntarily, directly or indirectly, assigned, sold, conveyed, pledged, sub-franchised or otherwise transferred by Developer or its owners (including by merger or consolidation, by issuance of additional securities representing an ownership interest in Developer, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a

partnership, by transfer of an interest in Developer or in this Agreement in a divorce proceeding, or if Developer or an owner of Developer dies, by will, declaration of or transfer in trust or the laws of the intestate succession) without the approval of Franchisor. Any attempted assignment or transfer without such approval will constitute a breach of this Agreement and will not transfer any rights or interests to such assignee or transferee. Furthermore, Developer may not transfer any undeveloped areas unless written permission by the Franchisor is provided.

C. CONDITIONS FOR APPROVAL OF ASSIGNMENT

Developer may not assign this Agreement nor sell, transfer, or encumber the assets of the business or any ownership interest in Developer to others without Franchisor's prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion. Franchisor may refuse to consent to any assignment, sale, transfer, pledge, hypothecation, or bequest by Developer of its rights under this Agreement, or to succession of this Agreement by will or intestacy, to any person, partnership, joint venture, corporation or other entity unless that party meets the then-current standards for new developers and System franchisees and Developer has met the requirements set forth below. An assignment or transfer shall include, without limitation, an effective transfer of ownership of ten percent (10%) or more of the ownership interest of Developer, or any change in control of Developer. Franchisor may require that any one or more of the following conditions be met before, or concurrently with, the effective date of any such assignment or transfer:

(1) All accrued monetary obligations of Developer or any of its affiliates and all other outstanding obligations to Franchisor or its affiliates arising under this Agreement or any Franchise Agreement or other agreement between them, and all trade accounts and any other debts to Franchisor or its affiliates, of whatsoever nature, shall be fully satisfied prior to the transfer becoming effective. Developer must provide evidence satisfactory to Franchisor that all such obligations have been satisfied;

(2) Developer and its affiliates are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any Franchise Agreement granted pursuant to its terms, or other agreement between Developer or any of its affiliates and Franchisor or its affiliate;

(3) Developer and its Principals, as applicable, shall have executed a general release, in a form satisfactory to Franchisor in its sole discretion, releasing and forever discharging Franchisor and its affiliates and their respective past and present partners, members, the past and present officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, from any and all claims, demands, causes of action, damages, liabilities, and obligations of any kind or nature whatsoever, whether known or unknown, suspected or unsuspected, arising from or related to this Agreement and any other agreements between Developer and Franchisor or its affiliates, or under federal, state or local laws, rules, regulations or orders, including but not limited to claims arising under federal or state franchise laws, securities laws, antitrust laws, and any other statutory or common law claims; provided, however, that nothing in this release shall be construed to release any claims that cannot be released as a matter of law;

(4) The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets all criteria considered by Franchisor when reviewing a prospective developer's application for development rights, including, but not limited to, Franchisor's then-current managerial and business experience standards, that the transferee possesses good moral character, business reputation and credit rating; that the transferee has the aptitude, adequate financial resources (as determined by Franchisor's then-current financial requirements) and capital committed for the development and operation of perfume businesses in the Development Area, including understanding of fragrance creation, perfume retail operations, and relevant licensing requirements; and Franchisor may consider the geographic proximity of other territories with respect to which transferee has been granted development rights or of other System Locations operated by transferee, if any, and any potential conflicts of interest or competitive concerns;

(5) The transferee shall sign a written assumption agreement, in a form prescribed by Franchisor, assuming full, unconditional, joint and several liability from the date of the transfer of all obligations, covenants and agreements of Developer in this Agreement; and, if transferee is a corporation, limited liability company or a partnership, transferee's shareholders, partners, members or other investors, as applicable, shall also execute such agreement;

(6) Developer shall pay a transfer fee equal to twenty-five percent (25%) of the then-current initial franchise fee per franchise that is granted to Developer under this Agreement and that Developer wishes to transfer; provided, however, that no transfer fee shall be charged for a transfer of the franchise to a wholly-owned business entity of Developer. The transfer fee shall be paid in full prior to Franchisor's review and approval of any proposed transfer. Developer will always be solely responsible for all third-party broker fees, finder's fees, legal fees, accounting fees, and any other costs incurred in connection with any transfer with respect to this Agreement;

(7) Developer acknowledges and agrees that each condition, which must be met by the transferee, is reasonable and necessary; and

(8) Developer must pay any referral fees or commissions that may be due to any franchise broker, sales agent or other third party upon the occurrence of such assignment.

Franchisor's consent to a transfer of any interest in Developer described herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee. Franchisor's approval of a transfer shall not be deemed to be a representation or warranty as to the advisability of the transfer or the qualifications or suitability of the transferee. Upon an approved transfer under this Section, Developer will be released from future obligations under this Agreement arising after the effective date of the transfer, but will remain bound by and liable for all obligations accruing prior to the transfer and all post-term obligations under this Agreement, including but not limited to confidentiality obligations, non-competition covenants, indemnification obligations, and any guarantees or personal obligations executed in connection with this Agreement.

D. ASSIGNMENT TO A CORPORATION OR LIMITED LIABILITY COMPANY

(1) Notwithstanding the provisions of this Section 16 of this Agreement, upon thirty (30) days' prior written notice to Franchisor, and without payment of a transfer fee, Developer may assign this Agreement to a corporation or limited liability company that conducts no business other than the development and/or operation of System Locations. Developer shall be the owner of all the voting stock or interest of the corporation or limited liability company, or if Developer is more than one individual, each individual shall have the same proportionate ownership interest in the corporation as he had in Developer before the transfer. Developer and each of its Principals, as applicable, may transfer, sell or assign their respective interests in Developer, by and amongst themselves with Franchisor's prior written consent, which consent shall not be unreasonably withheld; but may be conditioned on compliance with Section 11, except that such transfer, sale or assignment shall not effect a change in the controlling interest in Developer.

(2) Any person who is or becomes a shareholder or member of Developer or has or acquires beneficial ownership of any shares of stock equal to or greater than ten percent (10%) ownership interest in Developer must execute an agreement in substantially the form of the attached Guaranty and Assumption of Obligations undertaking to be bound jointly and severally to all provisions of this Agreement. Developer must furnish Franchisor at any time upon request a certified copy of the articles of incorporation or articles of organization and a list, in a form Franchisor requires, of all shareholders or members of record and all persons having beneficial ownership of shares of stock, reflecting their respective interests in Developer.

E. RIGHT OF FIRST REFUSAL

If Developer receives and desires to accept any bona fide offer to transfer an ownership interest in this Agreement from a third party, then the Developer shall promptly notify Franchisor in writing and send Franchisor an executed copy of the contract of transfer. Franchisor shall have the right and option, exercisable within thirty (30) days after actual receipt of such notification or of the executed contract of transfer which shall describe the terms of the offer, to send written notice to Developer that Franchisor intends to purchase the Developer's interest on the same terms and conditions offered by the third party. Closing on the purchase must occur within sixty (60) days from the date of notice by Franchisor to the Developer of Franchisor's election to purchase. If Franchisor elects not to accept the offer within the thirty (30) day period, Developer shall have a period not to exceed sixty (60) days to complete the transfer subject to the conditions for approval set forth in Section 16(C) of this Agreement. Any material change in the terms of any offer before closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section 16 shall not constitute a waiver of any other provision of this Agreement. If the offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable cash equivalent, or any publicly-traded securities, including its own, or intangible benefits similar to those being offered. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by an independent appraiser designated by Franchisor, and his determination shall be binding.

F. DEATH OR DISABILITY

Upon the death or permanent disability of Developer (or the managing shareholder, managing member or partner), the executor, administrator, conservator or other personal representative of that person, or the remaining shareholders, partners or members, must appoint a competent manager that is approved by Franchisor within one hundred eighty (180) days from the date of death or permanent disability (the “180 Day Period”). Before the end of the 180 Day Period, the appointed manager must attend and successfully complete Franchisor’s perfume business training program, which includes instruction on fragrance creation, perfume retail operations, and System standards, and must either execute Franchisor’s then-current form of area development agreement for the unexpired term of this Agreement, or furnish a personal guaranty of any partnership, corporate or limited liability company Developer’s obligations to Franchisor and Franchisor’s affiliates. If the Location is not being managed by a Franchisor approved manager during the 180 Day Period, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Developer’s Locations for and on behalf of Developer until an approved assignee is able to assume the management and operation of the Location. Franchisor’s appointment of a manager of the Locations does not relieve Developer of his obligations, and Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Location or to any creditor of Developer for any products, materials, supplies or services purchased by the Location during any period in which it is managed by Franchisor’s appointed manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time. Franchisor’s right of first refusal set forth in Section 16(E) will not apply to a transfer under this Section if the transferee is an immediate family member of Developer that Franchisor approves.

G. NOTICE TO FRANCHISOR

Provided Developer is not then a public company, if any person holding an interest in Developer (other than Developer or a Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then Developer shall promptly notify Franchisor of such proposed transfer in writing and provide information as Franchisor may reasonably request before the transfer. The transferee may not be one of Franchisor’s competitors. The transferee must execute a Confidentiality Agreement and Ancillary Covenants Not to Compete in the form then required by Franchisor, which form shall be in substantially the same form attached hereto as Exhibit E. Franchisor also reserves the right to designate the transferee as one of the Principals. If Developer is a public company, this provision applies only to transfers in interest by Principals or to any person or entity controlling more than ten percent (10%) of Developer’s voting stock.

17. APPROVALS

A. Wherever this Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor for such approval or consent.

B. Franchisor makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer or to any third party to which it would not otherwise be subject, by providing any waiver, approval, advise, consent, or services to Developer in

connection with this Agreement, or by any reason of neglect, delay or denial of any request therefor.

18. NONWAIVER

A. No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Developer or Principals with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver or estoppel of Franchisor's right to demand exact compliance with any of the terms herein and Developer and the Principals warrant and undertake that it shall not rely on such failure, custom or practice. Waiver by Franchisor of any particular default by Developer or any of the Principals shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar or different nature, nor shall delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by its other developers or by Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

B. All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement, the rights and remedies of the parties hereto shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or early termination of this Agreement shall not discharge or release Developer from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration or early termination of this Agreement.

19. DEVELOPER'S RECORDS AND REPORTS

A. Developer must keep accurate records concerning all transactions and written communications between Franchisor and Developer relating to the development and operation of Locations in the Development Area. Franchisor's duly authorized representative has the right, following reasonable notice, at all reasonable hours of the day to examine all Developer's records with respect to the subject matter of this Agreement, and has full and free access to records for that purpose and for the purpose of making extracts. All records must be kept available for at least three (3) years after preparation.

B. Developer must furnish to Franchisor monthly written reports regarding Developer's progress on the development of System Locations under this Agreement.

20. NOTICES AND PAYMENTS

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Manuals shall be deemed so delivered at the time delivered by hand or by e-mail with receipt confirmed by the receiving party or one (1) business day after sending by overnight courier with delivery confirmed and addressed to the party to be notified at its most current address of which the notifying party has been notified. The following addresses for the parties shall be used unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

Tijon Fragrance Lab Franchising, Inc.
Attn: John Berglund
4757 North Welford
Tucson, AZ 85749

Notice to Developer:

ATTN: _____

21. GOVERNING LAW AND ALTERNATIVE DISPUTE RESOLUTION

A. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, without reference to the state's conflict of laws principles.

B. Any controversy or claim (other than those arising from non-payment of monies due, falsification of reports, abandonment, those regarding trademark infringement, and non-compete provisions) arising out of or relating to this Agreement, or the breach thereof, shall be subject to mandatory non-binding Mediation. Developer must first provide Franchisor with written notice describing the dispute or controversy and the desired action. This agreement to first attempt resolution of disputes through mediation shall survive termination or expiration of this Agreement.

C. All claims or disputes between Developer and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Developer and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the mediation procedure set forth in Section 21(B) above, will be submitted to mandatory non-binding mediation. If either party alleges a dispute or controversy against the other party, then either party will have the right to demand non-binding mediation within ten (10) days after the complaining party provided the other party with written notice describing the dispute or controversy and the desired action. The Mediator will be appointed in accordance with the Rules and Regulations of the American Arbitration Association unless the parties agree on a Mediator in writing within ten (10) days after either party

gives written notice of Mediation. All Mediation hearings will take place exclusively in Tucson, Arizona, and will be held within twenty (20) days after the Mediator has been appointed. The Mediation hearing will be informal and the Mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the Mediator will be shared equally by the parties. The parties agree that they will act in good faith to settle any dispute or controversy between them either prior to or during Mediation. All matters, testimony, arguments, evidence, allegations, documents and memorandums will be confidential in all respects and will not be disclosed to any other person or entity by either party, nor used in any other proceeding relating to the dispute. Developer and Franchisor will not have the right to commence any arbitration or legal proceedings against the other party until the dispute or controversy has been mediated as provided for herein, unless said dispute is of a nature excluded from Mediation as set forth below. Both parties will have the right to take all actions necessary to demand arbitration or to commence legal proceedings prior to any Mediation hearing; however, neither party will have the right to an arbitration hearing or to prosecute any legal proceedings beyond commencement of an action until the Mediation has concluded. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 21(C) if such controversy, dispute, or claim concerns: (i) non-payment of monies due; (ii) falsification of reports; (iii) abandonment; (iv) trademark infringement; or (v) non-compete provisions.

22. ARBITRATION, LITIGATION AND OTHER DISPUTE RESOLUTION PROVISIONS

A. Subject to Sections 22(B)-(C) of this Agreement, any controversy or claim (other than those arising from non-payment of monies due, falsification of reports, abandonment, those regarding trademark infringement, and non-compete provisions) arising out of or relating to this Agreement, or the breach thereof, not resolved through Mediation, shall be resolved by Arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, by a single arbitrator. Said Arbitration shall take place at Tucson, Arizona. Judgment entered upon an award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. The parties agree that they shall be entitled to take discovery by way of depositions and requests for production of documents and that AAA-issued subpoenas shall suffice for compelling same. Each party shall determine the extent of the discovery it desires to undertake and shall submit to the arbitrator (and serve on the opposing party) a schedule of such intended discovery. Each party shall be entitled to take discovery pursuant to its schedule unless objection thereto is made by the other party within 10 days after service of said schedule. The parties shall make a good faith attempt to resolve all objections. Any unresolved objections shall be submitted to the arbitrator for resolution. Arbitration shall be on an individual basis, not a class wide or consolidated basis. For any actions not subject to arbitration, the parties agree that such actions must only and exclusively be initiated in the state court of general jurisdiction closest to Franchisor's then-current headquarters, or, if appropriate, the United States District Court that is closest to Franchisor's then-current headquarters (which is Tucson, Arizona as of the date of this Agreement but may be modified by Franchisor upon written notice). Developer acknowledges that this Agreement has been entered into in the State of Arizona, and that Developer is to receive valuable and continuing services emanating from Franchisor's headquarters in Tucson, Arizona, including but not limited to perfume business operations training, fragrance creation assistance, retail and customer service

support, and the development of the perfume business System. In recognition of such services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Arizona as set forth in this Section and to arbitration in Tucson, Arizona.

B. Nothing in this Agreement shall bar the right of Franchisor to obtain injunctive relief, temporary restraining orders, or other equitable relief against threatened or actual conduct that would cause irreparable harm to Franchisor, the Proprietary Marks, or the System, without the requirement of posting bond. Developer acknowledges that monetary damages may be inadequate to compensate Franchisor for breaches of this Agreement involving confidential information, non-compete obligations, or unauthorized use of Proprietary Marks. Developer acknowledges and agrees that irreparable harm could be caused to Franchisor by Developer's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Developer's use of the Proprietary Marks and confidential information; (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Developer's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Developer or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Developer's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Developer waives all damage claims if the injunction is wrongfully issued.

C. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in Sections 21 and 22 of this Agreement, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.

D. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Developer must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

E. Developer shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Developer under this Agreement or any related agreements.

F. Developer further agrees that no cause of action arising out of or under this Agreement may be maintained by Developer against Franchisor unless brought before the expiration of two (2) years after the act, transaction or occurrence upon which such action is based or the expiration of two (2) years after the Developer becomes aware of facts or circumstances reasonably indicating that Developer may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim,

counterclaim, defense, or set-off. Developer hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, 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.

G. Developer hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Developer's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Developer's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

H. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT OR THE PERFORMANCE OF EITHER PARTY.

I. THE PARTIES AGREE THAT ALL PROCEEDINGS, INCLUDING ARBITRATION, ARISING OUT OF OR RELATED TO THIS AGREEMENT WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN DEVELOPER, DEVELOPER'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY. ARBITRATION SHALL BE ON AN INDIVIDUAL BASIS, NOT A CLASS WIDE OR CONSOLIDATED BASIS.

23. ENFORCEMENT

A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, is considered severable and if, for any reason, any portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and

effect and bind the parties to this Agreement, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Developer is a party, otherwise upon Developer's receipt of a notice of non-enforcement from Franchisor.

(2) If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure Franchisor prescribes is invalid or unenforceable, the prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole and absolute discretion, to modify the invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable or to elect to terminate this Agreement upon written notice to Developer if Franchisor determines, in its sole discretion, that such modification would materially alter the fundamental terms of this Agreement. Developer agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is prescribed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions, or any specification, standard or operating procedure Franchisor prescribes, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in that jurisdiction, unless Franchisor elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

B. EXCEPTIONS

Neither Franchisor nor Developer is liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war, terrorism, civil unrest or riot; (6) epidemics, pandemics, or public health emergencies; (7) cyberattacks or failures of internet, telecommunications, or computer systems not caused by the affected party's negligence; or (8) any other similar event or cause beyond the reasonable control of the affected party. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as Franchisor may determine to be reasonable in its discretion; provided, however, that if Developer's performance is delayed or excused for a continuous period exceeding ninety (90) days, Franchisor may, at its option, terminate this Agreement upon written notice to Developer without liability.

C. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Developer under this Agreement are cumulative and no exercise or enforcement by Franchisor or Developer of any right or remedy precludes the exercise

or enforcement by Franchisor or Developer of any other right or remedy which Franchisor or Developer is entitled by law to enforce. Franchisor's failure to exercise any right or remedy, or Franchisor's delay in exercising any right or remedy, shall not constitute a waiver of such right or remedy, and no waiver by Franchisor of any breach or default by Developer shall constitute a waiver of any subsequent breach or default. All waivers by Franchisor must be in writing and signed by an authorized officer of Franchisor to be effective.

D. COSTS AND ATTORNEYS' FEES

If Developer is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Developer and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Developer must reimburse Franchisor for all costs and expenses incurred in connection with enforcing its rights under this Agreement including all reasonable attorneys' fees, court costs, expert witness fees, investigation costs, collection agency fees, and litigation expenses. If Developer institutes any legal action to interpret or enforce the terms of this Agreement, and Developer's claim in such action is denied, dismissed, or Developer does not prevail on the substantial merits of such claim, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, expert witness 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. Developer shall also be liable for Franchisor's reasonable attorneys' fees and costs incurred in any successful appeal by Franchisor or in opposing any appeal filed by Developer.

E. VARIANCES

Developer acknowledges that Franchisor has and may at different times approve exceptions or changes from the uniform standards of the System in Franchisor's absolute sole discretion, which Franchisor deems desirable or necessary under particular circumstances, including but not limited to differences in market conditions, competitive factors, business experience, or other factors deemed relevant by Franchisor. Developer understands that Developer has no right to object to or automatically obtain such variances, and any exception or change requested by Developer must be approved in advance from Franchisor in writing. Developer understands existing Developers may operate under different forms of agreements with materially different terms, and that the rights and obligations of existing Developers may differ materially from this Agreement. Developer expressly waives any claims based on the existence of such variances or different treatment and agrees that such variances do not constitute a breach of any duty owed by Franchisor to Developer, including any duty of good faith and fair dealing. Developer further acknowledges that Franchisor has no obligation to grant to Developer any variance granted to any other franchisee or developer.

F. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Developer and Franchisor.

G. CONSTRUCTION/INTEGRATION CLAUSE

This Agreement, all exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, undertakings, representations, and agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Developer. Developer acknowledges that Developer is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of Developer's own independent investigation of the franchised business.

Developer hereby acknowledges and further represents and warrants to Franchisor that:

1. Developer has entered into this Agreement after making an independent investigation of Franchisor's operations and the System;
2. Franchisor has not made any guarantee or provided any assurance that the business location will be successful or profitable, and Developer acknowledges that Franchisor's approval of any franchise or site location, or any advice or guidance provided by Franchisor regarding site selection, does not constitute any representation, warranty, or guarantee of success or profitability;
3. Developer has (a) read this Agreement in its entirety and understands its contents; (b) been given the opportunity to clarify any provisions that Developer did not understand and (c) had the opportunity to consult with professional advisors regarding the operation and effect of the Agreement and the operation of the System;
4. Developer has, together with its advisors, sufficient knowledge and experience in financial and business matters to make an informed decision with respect to the franchise offered by Franchisor; and
5. Developer has received a copy of the Franchise Disclosure Document not later than the first personal meeting held to discuss the sale of a franchise, or fourteen (14) calendar days before execution of this Agreement or fourteen (14) calendar days before any payment of any consideration.

Except as may have been disclosed at Item 19 of Franchisor's Franchise Disclosure Document, Developer represents and warrants to Franchisor that no claims, representations, or warranties regarding the earnings, sales, revenues, profits, costs, expenses, success or failure of the franchised business have been made to Developer by Franchisor or any of its officers, employees, agents, or representatives, and no such claims, representations or warranties have induced Developer to enter into this Agreement. Developer acknowledges that the success or failure of the franchised business depends primarily upon Developer's own business abilities, efforts, and management, as well as many factors beyond Franchisor's control. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

Except for those changes permitted to be made unilaterally by Franchisor, no amendment, change or variance from this Agreement is binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

24. CAVEAT

A. The success of the business venture contemplated to be undertaken by this Agreement is speculative and depends, to a large extent, upon the ability of the Developer as an independent business person, and the active participation of Developer in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

B. Developer acknowledges that it has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to gross sales, volume, potential earnings or profits which Developer in particular might be expected to realize, nor has anyone made any other representation which is not expressly set forth in this Agreement, to induce the Developer to accept this franchise and execute this Agreement.

C. Developer represents and acknowledges that it has received a copy of this Agreement, with all blanks filled in, from Franchisor. Developer further represents that it understands the terms, conditions and obligations of this Agreement and agrees to be bound.

25. MISCELLANEOUS

A. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity who is not a party to this Agreement.

B. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of sections or paragraphs.

C. The "Developer" as used in this Agreement is applicable to one (1) or more persons, a corporation or a partnership or limited partnership or limited liability company as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Developer under this Agreement, their obligations and liabilities to Franchisor shall be joint and several. References to "Developer" and "Assignee" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of Developer or the Assignee, if Developer or the Assignee is a corporation, partnership, limited partnership or limited liability company.

This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal on the date first written above.

FRANCHISOR:

DEVELOPER:

TIJON FRAGRANCE LAB FRANCHISING, INC. _____

By: _____

IF AN INDIVIDUAL:

Print Name: _____

By: _____

Title: _____

Print Name: _____

Date: _____

Date: _____

Spouse Signature: _____

Spouse Name: _____

Date: _____

**IF A PARTNERSHIP, CORPORATION,
OR OTHER ENTITY:**

By: _____

Print Name: _____

Title: _____

Date: _____

ATTACHMENT TO DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20____, by _____, (each a “Guarantor”).

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement (the “Area Development Agreement”) by and between Tijon Fragrance Lab Franchising, Inc. (the “Franchisor”), and _____ (“Developer”), each of the undersigned (each, a “Guarantor”) hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Area Development Agreement and as provided in the Area Development Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Area Development Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every obligation of Developer under the Area Development Agreement, both monetary obligations and non-monetary in nature, including without limitation, those obligations related to: confidentiality and non-disclosure; indemnification; the Proprietary Marks; the in-term and post-term covenants against competition, as well as all other restrictive covenants; and the governing law, venue, attorneys’ fees and other dispute resolution provisions set forth in the Area Development Agreement (that shall also apply to this Guaranty and Assumption of Obligations).

Each Guarantor hereby waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right Guarantor may have to require that an action be brought against Developer or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed.

Each Guarantor hereby consents and agrees that: (1) such Guarantor’s undertaking shall be direct, immediate and independent of the liability of, and shall be joint and several with, Developer and any other Guarantors; (2) Guarantor shall render any payment or performance required under the Area Development Agreement upon demand if Developer fails or refuses punctually to do so; (3) Guarantor’s liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; (4) Guarantor’s liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Developer or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Area Development Agreement; (5) this undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Developer or any assignee or successor of Developer or by any abandonment of the Area Development Agreement by a trustee of Developer; (6) neither the Guarantor’s obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released

or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Developer or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency; (7) Franchisor may proceed against Guarantor and Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Developer; and (8) Guarantor shall pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guaranty on the date stated on the first page hereof.

PERSONAL GUARANTORS

[Insert Name of Guarantor]

[Insert Name of Spouse]

[Insert Name of Guarantor]

[Insert Name of Spouse]

[Insert Name of Guarantor]

[Insert Name of Spouse]

[Insert Name of Guarantor]

[Insert Name of Spouse]

EXHIBIT A TO THE AREA DEVELOPMENT AGREEMENT

DEVELOPMENT AREA

The development rights and obligations of Developer, _____, to timely develop and open System Locations shall be within the following described area:

DEVELOPER

By: _____

Name: _____

Title: _____

FRANCHISOR

TIJON FRAGRANCE LAB FRANCHISING, INC.

By: _____
John Berglund

EXHIBIT B TO AREA DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

1. Development Schedule

Developer, _____, agrees to timely open System Locations in compliance with the following development schedule (the “Development Schedule”). Developer further agrees that failure to timely open the Locations in compliance with the Development Schedule shall cause the rights of exclusivity granted to Developer regarding the geographic area defined in Exhibit A to be forfeited.

The Development Schedule is as follows:

Expiration of Development Period	Number of New Unit Franchises that Must be Opened and Commence Operations Within Development Period	Number of Unit Franchises that Must be Open and Operating by the Expiration of the Development Period

2. Forfeiture of Rights of Exclusivity

Developer’s failure to comply with the Development Schedule in any manner shall be grounds for Franchisor to (a) terminate the Development Agreement to which this Development Schedule is attached as an Exhibit, or (b) in lieu of such termination, terminate any exclusive or other territorial rights that Developer may have within the Development Area or otherwise under the Development Agreement.

APPROVED:

DEVELOPER

By: _____

Name: _____

Title: _____

FRANCHISOR

**TIJON FRAGRANCE LAB
FRANCHISING, INC.**

By: _____

John Berglund

EXHIBIT C TO AREA DEVELOPMENT AGREEMENT

FRANCHISE AGREEMENT

(for initial Franchised Business to be developed within the Development Area)

EXHIBIT D TO AREA DEVELOPMENT AGREEMENT

STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

- A. The following is a list of shareholders, partners, members or other investors in Developer, including all investors who own or hold a direct or indirect interest in Developer, and a description of the nature of their interest:

<u>Name</u>	<u>Percentage of Ownership/Nature of Interest</u>
-------------	---

- B. The following is a list of all of Principals described in and designated pursuant to this Area Development Agreement, each of whom shall execute the Confidentiality Agreement and Ancillary Covenants Not to Compete substantially in the form set forth in Exhibit E of this Area Development Agreement:

DEVELOPER

By: _____

Name: _____

Title: _____

FRANCHISOR

**TIJON FRAGRANCE LAB FRANCHISING,
INC.**

By: _____
John Berglund

EXHIBIT E TO AREA DEVELOPMENT AGREEMENT

CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into this ____ day of _____, 20__, between: (i) **Tijon Fragrance Lab Franchising, Inc.**, a Arizona corporation (“Franchisor”) with a business address at 4757 North Wolford, Tucson, AZ 85749; (ii) _____, a/an _____ with a business address at _____ (“Developer”); and (iii) _____, an individual with a notice address at _____ (“Covenantor”).

RECITALS

WHEREAS, Franchisor has obtained the right to develop a unique system (the “System”) for the development and operation of System Locations under the name and marks Tijon (each, a “Location”); and

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark Tijon and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of perfume business services and products marketed under the marks and under the System and representing the System’s high standards of quality, appearance, service and the System’s proprietary methodology and procedures for the establishment and operating procedures, site selection guidance and criteria, specifications for the design, layout and construction of the interior of the Location, standards and specifications for the furniture, fixtures and equipment located within a Location, established relationships with approved or designated suppliers for certain products and services, and standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Location; all of which Franchisor may change, improve and further develop and which Franchisor uses in connection with the operation of the System (collectively, the “Confidential Information”); and

WHEREAS, the Proprietary Marks and Confidential Information provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor’s competitors who could obtain economic value from knowledge and use of the Confidential Information; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Confidential Information; and

WHEREAS, Franchisor has granted Developer the limited right to develop a System Location using the System, the Proprietary Marks and the Confidential Information, pursuant to an Area Development Agreement entered into on _____, 20__ (“Area Development Agreement”), by and between Franchisor and Developer; and

WHEREAS, Franchisor and Developer have agreed in the Area Development Agreement on the importance to Franchisor and to Developer and other licensed users of the System of restricting the use, access and dissemination of the Confidential Information; and

WHEREAS, it is necessary for certain employees, agents, independent contractors, officers, directors and equity interest holders of Developer, or any entity having an interest in Developer (“Covenantor”) to have access to and to use some of all of the Confidential Information in the management and operation of Developer’s System Location using the System; and

WHEREAS, Developer has agreed to obtain from those covenantors written agreements protecting the Confidential Information and the System against unfair competition; and

WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Developer; and

WHEREAS, Covenantor wishes and needs to receive and use the Confidential Information in the course of his employment or association in order to effectively perform the services for Developer; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor.

NOW, THEREFORE, in consideration of the mutual covenant and obligations contained in this Agreement, the parties agree as follows:

Confidentiality Agreement

1. Franchisor and/or Developer shall disclose to Covenantor some or all of the Confidential Information relating to the System. All information and materials, including, without limitation, manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Developer and/or Covenantor are deemed Confidential Information for the purposes of this Agreement.

2. Covenantor shall receive the Confidential Information in confidence and must, at all times, maintain them in confidence, and use them only in the course of his employment or association with a Developer and then only in connection with the development and/or operation by Developer of a System Location for so long as Developer is licensed by Franchisor to use the System.

3. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor’s express written permission.

4. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Developer and only to the limited extent

necessary to train or assist other employees of Developer in the development or operation of a System Location.

5. Covenantor must surrender any material containing some or all of the Confidential Information to Developer or Franchisor, upon request, or upon termination of employment by Developer, or upon conclusion of the use for which the information or material may have been furnished to Covenantor.

6. Covenantor shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

7. Franchisor loans all manuals to Developer for limited purposes only and they remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

Covenants Not to Compete

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Confidential Information during the term of this Agreement, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants as follows:

a. Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Locations to any competitor;

b. Not to employ, or seek to employ, any person who is at the time or was within the preceding one hundred eighty (180) days employed by Franchisor, its affiliate or any Developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Developer's employment of that person if permitted under the Area Development Agreement; and

c. Except with respect to Locations operated under a valid and existing Franchise Agreement between Developer (or Developer's affiliates) and Franchisor, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, limited liability companies, unincorporated associations or joint ventures), advise, assist or make loans to, any Competing Business (as defined below) or a business that is of a character and concept similar to a System Location. For purposes of this Agreement, a "Competing Business" is defined as any business which generates ten percent (10%) or more of its revenue from the provision of custom fragrance creation, perfume blending, fragrance retail sales, perfume workshops, or fragrance-related services (or any combination thereof) that are similar to that offered by a System Location, or any business which grants franchises or licenses to others to operate such a Competing Business.

2. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the uniqueness of the System, Covenantor agrees and covenants that for two (2) years following the earlier of the expiration, termination or transfer of all Developer's

interest in the Area Development Agreement or the termination of his association with or employment by Developer, Covenantor will not without the prior written consent of Franchisor:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Locations to any competitor;

b. Employ, or seek to employ, any person who is at the time or was within the preceding one hundred eighty (180) days employed by Franchisor, its affiliate or any franchisee of Franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment; and

c. Except with respect to Locations operated under Franchise Agreements between Developer and its affiliates, and Franchisor or its affiliate or any of its subsidiaries, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, limited liability companies, unincorporated associations or joint ventures), advise, assist or make loans to, any Competing Business or a business that is of a character and concept similar to a System Location (i) within the Development Area granted to Developer; or (ii) within a fifty (50) mile radius of the perimeter of the Development Area being granted to Developer or any other designated territory or development area licensed by Franchisor to a System Location as of the date of expiration, termination or transfer of all Developer's interest in the Area Development Agreement or the termination of Covenantor's association with or employment by Developer.

Miscellaneous

1. Developer shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of a breach, or threatened or attempted breach of any of the provisions, Franchisor is entitled to enforce the provisions of this Agreement and is entitled, in addition to any other remedies available to it at law or in equity, including the right to terminate the Area Development Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Developer in enforcing this Agreement.

4. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA AND COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION

OF THE STATE COURT CLOSEST TO FRANCHISOR'S THEN-CURRENT HEADQUARTERS OR, IF APPROPRIATE, THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF ARIZONA. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY ARIZONA OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

6. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

7. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to

Tijon Fragrance Lab Franchising, Inc.
Attn: John Berglund
4757 North Welford
Tucson, AZ 85749

If directed to Developer, the notice shall be addressed to:

Attention: _____

If directed to Covenantor, the notice shall be addressed to:

Attention: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns. The respective obligations of Developer and Covenantor hereunder may not be assigned by Developer or Covenantor without the prior written consent of Franchisor.

***[THE REST OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK
SIGNATURES ON THE FOLLOWING PAGE]***

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

DEVELOPER:

(If Developer is a corporation)

Name of Corporation

By: _____

Title: _____

COVENANTOR:

(If Developer is an individual owner,
Developer must sign below; if a partnership,
all partners must sign
below)

Printed Name: _____

Developer

Developer

Developer

Developer

(If Developer is a Limited Liability
Company)

Name of Limited Liability Company

By: _____
Title: _____

EXHIBIT C
To Franchise Disclosure Document

LIST OF STATE AGENTS FOR SERVICE AND STATE ADMINISTRATORS

California

Commissioner of Financial Protection and
Innovation
Department of Financial Protection and
Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013
1-866-275-2677

Hawaii

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois

Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62706

Indiana

Secretary of State
302 West Washington, Room E-111
Indianapolis, Indiana 46204

Kentucky

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913

Minnesota

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

Nebraska

Nebraska Department of Banking and Finance
Bureau of Securities
1526 K Street, Suite 300
PO Box 95006
Lincoln, Nebraska 68508

New York

Secretary of State
99 Washington Avenue
Albany NY, 12231

NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st FL
New York, NY 10005
(212) 416-8222

North Dakota

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island

Division of Securities
Department of Business Regulation
John O. Pastore Center, Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920

South Dakota

Director of the Division of Securities
Department of Labor and Regulation
124 S. Euclid Ave., Suite 104
Pierre, South Dakota 57501

Texas

Statutory Documents Section
Secretary of State
P.O. Box 13550

Austin, Texas 78711

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

State Administrator:
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219

Washington

Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, WA 98504-1200
360-902-8760

Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

Wisconsin

Administrator
Division of Securities
Department of Financial Institutions
201 W. Washington Avenue, Suite 300
Madison, Wisconsin 53703

EXHIBIT D
To Franchise Disclosure Document
STATE ADDENDA

ADDITIONAL STATE DISCLOSURES

If the franchise being awarded is subject to the franchise-specific laws of one (1) or more of the following states because (a) the franchise prospect is a resident of that state, and/or (b) the franchise rights being awarded in within that state, as applicable under the specific state statute(s) at issue, the addendum (or addenda) of that state set forth below will apply to the franchise documents and should be entered into with Franchisor.

CALIFORNIA

ADDENDUM TO DISCLOSURE DOCUMENT

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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 following language is added to the end of Item 3 of the Disclosure Document:

Neither Tijon Fragrance Lab Franchising, Inc. , nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

The Franchise Agreement and Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law but we will enforce it to the extent enforceable.

The Franchise Agreement and Development Agreement require application of the laws of the State of California. This provision may not be enforceable under California law, but we will enforce it to the extent enforceable.

The Franchise Agreement and Development Agreement requires that any dispute not resolved by mediation, if Franchisor elects to submit such dispute to mediation, shall be resolved by litigation. The litigation must be initiated in the State of California at the state court of competent jurisdiction or, if appropriate, the federal district court that is closest to, or encompasses, the Franchisor's then-current headquarters. Franchisee will be responsible for reimbursing Franchisor the costs that Franchisor incurred in connection with any litigation in which Franchisor prevails. Franchisor shall be entitled to recover reasonable compensation for expenses, costs and fees in connection with litigation, including reasonable attorney's fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in section 11(B)(1) and 11(B)(3) of the franchise agreement and Area Development Agreement that is disclosed in Item 17, rows q and r.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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

**CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT AND THE AREA
DEVELOPMENT AGREEMENT**

Notwithstanding anything to the contrary set forth in the Tijon Fragrance Lab Franchising, Inc. Franchise Agreement or the Tijon Fragrance Lab Franchising, Inc. Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Tijon Fragrance Lab Franchising, Inc. franchises offered and sold in the State of California:

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

1. The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in section 11(B)(1) and 11(B)(3) of the franchise agreement and Area Development Agreement.

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**TIJON FRAGRANCE LAB
FRANCHISING, INC.**

FRANCHISEE : _____

By: _____

By: _____

Title: _____

Title: _____

ILLINOIS

ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything in the Franchisor's FDD to the contrary, the parties agree and acknowledge as follows:

Illinois law governs the Franchise Agreement and Development Agreement with regards to any state-specific claim arising out of Illinois franchise laws or franchise regulations.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and/or Development Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration and/or mediation to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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 law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS

AMENDMENT TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

The Franchise Agreement and Development Agreement are specifically amended as follows:

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987 (as amended), the parties to the attached Franchise Agreement and, if applicable, Development Agreement, agree as follows:

Illinois law shall govern the Franchise Agreement and Development Agreement with regards to any and all claims arising out of or based upon an Illinois franchise-specific law or regulation that is applicable to the sale/awarding of the franchise right(s) at issue.

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

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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 law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**TIJON FRAGRANCE LAB
FRANCHISING, INC.**

FRANCHISEE : _____

By: _____

By: _____

Title: _____

Title: _____

MARYLAND

ADDENDUM TO DISCLOSURE DOCUMENT

1. With respect to each Chart in Item 17 of the FDD, the “**Summary**” section of (a) Item 17(b) entitled **Renewal or Extension of the Term**, and (b) Item 17(m) entitled **Conditions for franchisor approval of transfer**, are hereby amended by adding the following:

Any general release you sign shall not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law.

2. The “**Summary**” section of Item 17(h) of each Chart in Item 17, entitled “**Cause**” defined – **non-curable defaults**, is amended by adding the following:

The Franchise (and, if applicable, Development) Agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. The following are added to the end of each Chart disclosed in Item 17:

Despite any contradicting provision in the Franchise Agreement (and, if applicable, Development Agreement), you have three (3) years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided such laws are applicable to the awarding of the franchise right(s) at issue.

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

MARYLAND

AMENDMENT TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

The Franchise Agreement and Development Agreement are specifically amended as follows:

Any provision requiring Franchisee to execute a general release of any and all claims against Franchisor shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

Termination upon bankruptcy of the Franchisee might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Franchisor intends to enforce it to the extent enforceable.

Section 21(I) of the Franchise Agreement shall be supplemented by the following additional language:

PROVIDED, HOWEVER, THAT THIS LIMITATION OF CLAIMS SHALL NOT ACT TO REDUCE THE THREE (3) YEAR STATUTE OF LIMITATIONS AFFORDED FRANCHISEE FOR BRINGING A CLAIM UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Any provision of this Franchise Agreement which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise 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.

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**TIJON FRAGRANCE LAB
FRANCHISING, INC.**

FRANCHISEE : _____

By: _____

By: _____

Title: _____

Title: _____

MINNESOTA

ADDENDUM TO DISCLOSURE DOCUMENT

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

Item 13 **Trademarks** is amended by adding the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any of your costs incurred in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and are given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

Item 17 **Renewal, Termination, Transfer and Dispute Resolution** in each Chart disclosed in this Item 17 is amended by adding the following:

Renewal and Termination With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

Choice of Forum Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Releases A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

These franchises have been registered under the Minnesota Franchise Act, registration does not constitute approval, recommendation, or endorsement by the Commissioner of Commerce of Minnesota or a finding by the Commissioner that the information provided herein is true, complete, and not misleading.

The Minnesota Franchise Act makes it unlawful to offer or sell any franchise in this state which is subject to registration without first providing to the franchisee, at least 7 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 7 days prior to the payment of any consideration, by the franchisee, whichever occurs first, a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the franchise. This Disclosure Document contains a summary only of certain material provisions of the Franchise Agreement. The contract or agreement should be referred to for an understanding of all rights and obligations of both the franchisor and the franchisee.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any

statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

MINNESOTA

AMENDMENT TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

The Franchise Agreement and, if applicable, Development Agreement are hereby specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement (“Agreement”) agree as follows:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.

As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee’s right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.

The franchisee cannot consent to franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. *See* Minn. Rule 2860.4400J. A court will determine if a bond is required.

Nothing in the Disclosure Document or the Franchise Agreement (and, if applicable, Development Agreement) can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any claims brought pursuant to the Minnesota Franchises Act, § 80.C.01 et seq. must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement or Development Agreement imposes a different limitations period for such claims, the provision of the Act shall control.

Fees for NSF checks shall be subject to a maximum amount of thirty dollars (\$30.00).

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**TIJON FRAGRANCE LAB
FRANCHISING, INC.**

FRANCHISEE :_____

By: _____

By: _____

Title:_____

Title: _____

NEW YORK

ADDENDUM TO DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by

a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for a franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**,” and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

ADDENDUM TO DISCLOSURE DOCUMENT

Item 17 **Renewal, Transfer, Dispute Resolution, Choice of Forum, and Choice of Law** in each Chart disclosed in this Item 17 is amended by adding the following:

Renewal With respect to franchises governed by North Dakota law, we will comply with Section 51-19-09 of the North Dakota Franchise Investment Law, which will not allow for franchisees to sign a general release upon renewal of the Franchise Agreement.

Transfer With respect to franchises governed by North Dakota law, we will comply with Section 51-19-09 of the North Dakota Franchise Investment Law, which will not allow for franchisees to sign a general release upon a transfer of the Franchise Agreement.

Dispute Resolution Nothing in the Disclosure Document or Franchise Agreement can control the location if mediation is to take place between Franchisee and Franchisor as provided for in Section 51-19-09 of the North Dakota Franchise Investment Law.

Choice of Forum Nothing in the Disclosure Document or Franchise Agreement can control the jurisdiction of courts as provided for in Section 51-19-09 of the North Dakota Franchise Investment Law.

Choice of Law The Franchise Agreement will be governed by the laws of North Dakota with respect to Section 51-19-09 of the North Dakota Franchise Investment Law.

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

NORTH DAKOTA

AMENDMENT TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

The Franchise Agreement and, if applicable, Development Agreement are hereby specifically amended as follows:

In recognition of the Section 51-19-09 of the North Dakota Franchise Investment Law the parties to the attached Franchise Agreement ("Agreement") agree as follows:

Franchisees will not be required to sign a general release upon renewal of the Franchise Agreement.

Franchisees will not be required to sign a general release upon a transfer of the Franchise Agreement.

The location of any mediation is to take place at a location mutually agreed on by the Franchisee and Franchisor.

The jurisdiction of courts will be mutually agreed to by the Franchisee and Franchisor.

The Franchise Agreement will be governed by the laws of North Dakota.

Franchisee is not required to consent to a waiver of trial by jury.

Franchisee is not required to consent to a waiver of exemplary and punitive damages.

Any claims brought must be brought within 10 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement or Development Agreement imposes a different limitations period for such claims, the provision of the Section 51-19-09 of the North Dakota Franchise Investment Law shall control.

The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**TIJON FRAGRANCE LAB
FRANCHISING, INC.**

FRANCHISEE : _____

By: _____

By: _____

Title: _____

Title: _____

RHODE ISLAND

ADDENDUM TO DISCLOSURE DOCUMENT

The following language is added to Item 17(v) of each Chart disclosed in Item 17, entitled “**Choice of Forum**”:

... ,except as otherwise required by the Rhode Island Franchise Investment Act

RHODE ISLAND

AMENDMENT TO FRANCHISE AGREEMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act (Section 19-28.1-14), the parties to the attached Franchise Agreement agree as follows:

Section 21(A) of the Franchise Agreement, as well as Section 21(A) of the Development Agreement, each entitled “**GOVERNING LAW**”, are amended by adding the following at the end of this provision:

§19-24.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**TIJON FRAGRANCE LAB
FRANCHISING, INC.**

FRANCHISEE : _____

By: _____

By: _____

Title: _____

Title: _____

VIRGINIA

ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document (or “FDD”) for Tijon Fragrance Lab Franchising, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

The following statement is added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground 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.

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.

VIRGINIA

AMENDMENT TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Agreement and Development Agreement for Tijon Fragrance Lab Franchising, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

**TIJON FRAGRANCE LAB
FRANCHISING, INC.**

FRANCHISEE : _____

By: _____

By: _____

Title: _____

Title: _____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT, AND RELATED AGREEMENTS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Section 1 of the Franchise Agreement ("Preambles, Acknowledgments and Representations of Franchisee") is stricken for franchisees in Washington.

Section 3.B.4 of the Franchise Agreement shall not apply to franchisees in Washington.

The following sentence within Section 5.N of the Franchise Agreement ("Pre-Opening Obligations Acknowledgment") is stricken in accordance with RCW 19.100.180(2)(g) and RCW 19.100.220(2) while the

remainder of Section 5.N of the Franchise Agreement shall remain unaltered: “Absent such notice to Franchisor, Franchisee acknowledges, agrees and grants that Franchisor fully complied with all of its pre-opening and opening obligations set forth in this Agreement.”

The following sentence within Section 9.B of the Franchise Agreement (“Approval for all Advertising/Promotional Materials”) is stricken in accordance to RCW 19.100.180 while the remainder of Section 9.B of the Franchise Agreement shall remain unaltered: “If Franchisor does not provide its specific approval of the proposed materials within this fifteen (15) day period, the proposed materials will be deemed rejected.”

Section 13.B.1 of the Franchise Agreement is amended as follows:

“In the event of Franchisee’s death, disability or incapacitation (or the death, disability or incapacitation of Franchisee’s principals/owners/guarantors), Franchisee’s legal representative, or Franchisee’s partner’s or guarantor’s respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as “Franchisee” under this Agreement if: (i) within one hundred eighty (180) days from the date of death, disability or incapacity (the “180 Day Period”), such person has obtained Franchisor’s prior written approval and has executed Franchisor’s then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company Franchisee’s obligations to Franchisor and Franchisor’s affiliates; and (ii) such person successfully completes Franchisor’s training program (which Franchisor will provide at Franchisor’s then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.”

The first sentence of Section 13.B.2. of the Franchise Agreement shall be amended as follows while the remainder of Section 13.B.2 of the Franchise Agreement shall remain unaltered: “Franchisor is under no obligation to operate the Franchised Business, or incur any obligation on behalf of any incapacitated franchisee, during or after the 180 Day Period.”

Section 13.E.3 of the Franchise Agreement is stricken in accordance with RCW 19.100.180(2)(g) and RCW 19.100.220(2).

The post-termination non-competition provisions in Section 14.B of the Franchise Agreement (“After the Term of This Agreement”) and Section 11.B.3 of the Area Development Agreement may not be enforceable in Washington.

Section 14.E of the Franchise Agreement (“No Defense”) is stricken in accordance with RCW 19.100.180(1), RCW 19.100.180(2)(g), and RCW 19.100.220(2).

Section 15 of Exhibit E to the Franchise Agreement (“Confidentiality and Restrictive Covenant Agreement”) is stricken in accordance with RCW 19.100.180(2)(g) and RCW 19.100.220(2).

In accordance with RCW 19.100.180(2), Section 16.H of the Franchise Agreement (“Franchisor’s Option to Purchase Operating Assets”) shall be amended such that Franchisor shall purchase the assets referenced in the statute at their fair market value at the time of the expiration of the franchise based on Franchisor’s refusal

to renew or the termination of the Franchise Agreement upon an expiration or termination with good cause, with such amounts permitted to be offset by any amounts owed by Franchisee to Franchisor.

Section 21.I. of the Franchise Agreement, Article IV, Section 9 of Exhibit B to the Franchise Agreement (“Personal Guaranty”), and Section 22.F of the Area Development Agreement are stricken in accordance with RCW 19.100.180(2)(g) and RCW 19.100.220(2).

The following sentence within Section 23.A of the Franchise Agreement is stricken while the remainder of Section 23.A of the Franchise Agreement shall remain unaltered: “Franchisee recognizes and acknowledges that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of the Franchisee as an independent businessperson.”

The following within Section 23.B of the Franchise Agreement is stricken while the remainder of Section 23.B of the Franchise Agreement shall remain unaltered: “and none of Franchisor’s agents, representatives, nor any individuals associated with Franchisor’s franchise company shall be personally liable to Franchisee for any reason.”

The following sentence within Section 23.G of the Area Development Agreement (“Construction/Integration Clause”) is stricken while the remainder of Section 23.G of the Area Development Agreement shall remain unaltered: “Except as may have been disclosed at Item 19 of Franchisor’s Franchise Disclosure Document, Developer represents and warrants to Franchisor that no claims, representations, or warranties regarding the earnings, sales, profits, success or failure of the franchised business have been made to Developer and no such claims, representations or warranties have induced Developer to enter into this Agreement.”

Section 23.G.4 of the Area Development Agreement and Section 23.G.5 of the Area Development Agreement are stricken.

The following sentence within Section 24.B of the Area Development Agreement is stricken while the remainder of Section 24.B of the Area Development Agreement shall remain unaltered: “Developer further represents that they understand the terms, conditions and obligations of this Agreement and agree to be bound.”

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

[Signatures on the following page]

The undersigned does hereby acknowledge receipt of this addendum.

Agreed to by:

**TIJON FRAGRANCE LAB
FRANCHISING, INC.**

FRANCHISEE : _____

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT E
To Franchise Disclosure Document

OPERATIONAL MANUAL TABLE OF CONTENTS

- 1 Introduction and Overview (11 pages)**
 - Welcome
 - How to Use this Manual
 - Business Model that must be Followed
 - Tijon's History
 - The Tijon Philosophy
 - Services Provided by Franchisor
- 2 Entrepreneurship & Your Franchise (57 pages)**
 - The System at Work
 - Getting Started
 - Using the Tijon Name
 - Forms of Business Organizations
 - License & Tax Compliance
 - Engaging Professional Advisors
 - Insurance Requirements
 - Engaging a Payroll Service
 - Trademark Usage & Protection
 - Maintaining Confidentiality
 - On going Training
 - Facilities – Retail / Prepare Your Building
 - New Product Approval
 - Crisis Management
- 3 Accounting (7 pages)**
 - Chart of Accounts
 - Accepting Payment
 - Suggested Returns, Refunds, & Discounts
- 4 Alcohol Permit (22 pages)**
 - Introduction
 - Alcohol Permit Instructions
 - Department Booklet
 - Sample Application
 - Sample Corporate Resolution
 - Application
- 5 Approved Vendor List (34 pages)**
 - Equipment
 - Supplies

- Perfume Oils
 - Top 40 oil list

6 Marketing (31 pages)

- General
- Events Offered to Groups
- Creating Group & Tour Packages
- Advertising
- Promotional opportunities
- Public Relations
- Social Media
- Social Media Tips
- Grand Opening: 12 Tips for Your Launch
- Observations / Issues / Possible Solutions

7 Manager's Handbook (96 pages)

- Safety First
- Initial Training
- Manager Duties Overview
 - Opening & Closing the Shop
 - Daily Duties
 - Weekly Duties
 - Monthly Duties
- Customer Service
- Staffing /Hiring / Training / Retaining / Firing
- Prevent Theft

• TEACHING PERFUME CLASSES

- Perfume Classes – To Do
- Mix & Match
 - Summary
 - Pre Test Answers
- Express
- Fragrance in a Flash
 - Summary
- Class 101
- FAQ's: Frequently Asked Questions of the Instructor

MAKING CUSTOM PRODUCTS (Perfumes, Lotions, Cremes)

MAKING TIJON BRANDED PERFUMES

TIJON'S FRAGRANCE COLLECTIONS & SIGNATURE PRODUCTS

8 Key Holder's Handbook

- Safety First
- Initial Training
- Manager Duties Overview
 - Opening & Closing the Shop
 - Daily Duties
- Customer Service
- Prevent Theft
- Teaching Perfume Classes:
 - Perfume Classes To-Do
 - Mix & Match
 - Summary
 - Pre Test Answers
 - Express
 - Fragrance in a Flash
 - Summary
 - Class 101
 - FAQs
- **MAKING Custom Products** – For Custom Perfume Formulas
- **MAKING Custom Products** – For Customers NOT making Perfumes
- **MAKING Tijon Branded Products**
- **Tijon's Fragrance Collections & Signature Products**

EXHIBIT F
To Franchise Disclosure Document
LIST OF CURRENT FRANCHISEES

LIST OF CURRENTLY OPERATING FRANCHISEES AS OF DECEMBER 31, 2025:

State	Franchisee Name	Franchisee Address	Phone Number
AZ	Hannah Richman	1449 E. McLellan Blvd., Phoenix, AZ 85014	602-525-3297
FL	Cheryl & Mosi Blake	608 Cedar Waxwing Dr., Brandon, FL 33510	786-402-8936
FL	Ana & Vinicio Mota	1301 NW 184th Terrace, Pembroke Pines, FL 33029	646-784-9925
FL	Elliott & Breyonkia Henderson	7752 Fieldcrest Ct., Pensacola, FL 32526	504-881-3836 / 850-266-5330
FL	Samantha Donahue & Gerald Donohue	602 Peary Ct., Unit C, Key West, FL 33040	
GA	Manu Bhatia (240 INC)	441 Vision Dr., Suite G104, Cumming, GA 30040	678-982-8880
LA	John Berglund / Sara Vinson	631 Toulouse St., New Orleans, LA 70130	504-919-1880
MD	Geri Shapiro	11812 Forum Hill Ct., Potomac, MD 20854	301-672-1887
SC	Trois Amis LLC (Charleston Owners)	344 King St., Charleston, SC 29401	854-222-3829
SC	Ben Davis, Meredith Millender, and Ellen Rickenbaker	1208 Confederate Ave., Columbia, SC 29201	803-707-3657
TX	Altagracia (Alti) Nelson & Inglish	7403 Bull Creek Rd., Houston, TX 77095	832-403-0145
INTL	Mimi Lacraz (St. Martin)	1 Rue de Plage, Grand Case, St. Martin 97150	+1-721-581-4586

FRANCHISEES THAT HAVE SIGNED FRANCHISE AGREEMENT BUT NOT YET OPENED FRANCHISED BUSINESS AS OF DECEMBER 31, 2025:

State	Franchisee Name	Franchisee Address	Phone Number
FL	Matt Lang (& Kay)	8166 Cantabria Falls Dr., Boynton Beach, FL 33473	561-523-3848
FL	Alyce Bartolomeo	1525 Neola Trail, Winter Park, FL 32789	407-625-5858
GA	Carolyn Sanford & Dayton Pietsch	210 Baronne St., Apt. 1810, New Orleans, LA 70112	318-525-5615
MN	Larry & Vicki Johnson	313 S. Marina Dr., Brownsville, MN 55919	608-519-6402
NV	Ben Grosse	276 Cavalcade Loop, Gallatin, TN 37066	702-563-5020
INTL	Ana & Vinicio Mota (Punta Cana)	1301 NW 184th Terrace, Pembroke Pines, FL 33029	646-784-9925

LIST OF FORMER FRANCHISEES THAT LEFT OUR SYSTEM IN THE PAST FISCAL YEAR ENDING DECEMBER 31, 2025, OR THAT HAVE FAILED TO COMMUNICATE WITH US IN THE PAST 10 WEEKS:

NONE

FRANCHISEES THAT SIGNED FRANCHISE AGREEMENTS AFTER DECEMBER 31, 2025:

State	Franchisee Name	Franchisee Address	Phone Number
VI	Joanna Garcia & Robert Brown	4100 Sion Farm Shopping Center, Suite 16, Christiansted, VI 00820	340-227-9862

EXHIBIT G
To Franchise Disclosure Document

SAMPLE FORM OF GENERAL RELEASE

This General Release (“Release”) is made and entered into on this _____ day _____ of _____, 20____ by and between Tijon Fragrance Lab Franchising, Inc. (“Franchisor”) and _____ (“Franchisee”).

WITNESSETH:

WHEREAS, Franchisor and Franchisee are parties to a Tijon Franchise Agreement (the “Franchise Agreement”) dated _____, 20____, granting Franchisee the right to operate a franchised business utilizing Franchisor’s then-current (a) proprietary marks and (b) system of operations, at the following location: _____.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Release, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the “Releasors”), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the “Releasees”), of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Release relating to the Franchise Agreement, the business operated under the Franchise Agreement, and/or any other agreement between any of the Releasees and any of the Releasors. The Releasors, and each of them, also covenant not to sue or otherwise bring a claim against any of the Releasees regarding any of the claims being released under this Release. Releasors hereby acknowledge that this release is intended to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist.

Each of the Releasors expressly acknowledges that they are familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing a release, which if known by him or her must have materially affected his or her settlement with the debtor.

Each of the Releasors hereby specifically and expressly waives all rights that it may have under Section 1542 of the California Civil Code or any similar provision of law in any other jurisdiction. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Releasors acknowledge and agree that they have read the terms of this Release,

they fully understand and voluntarily accept the terms, and that they have entered into this Release voluntarily and without any coercion.

IN WITNESS WHEREOF, the parties hereto have executed this Release as of the date first above written.

FRANCHISOR

By: _____

Name: _____

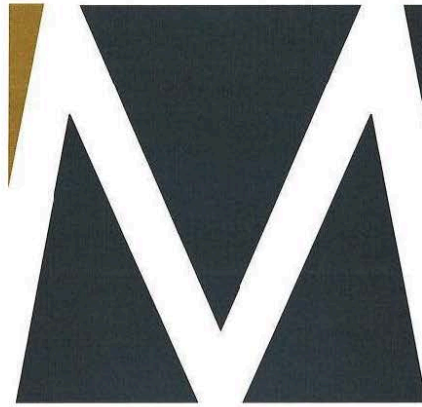
Title: _____

FRANCHISEE

By: _____

Name: _____

EXHIBIT H
To Franchise Disclosure Document
FINANCIAL STATEMENTS



Tijon Fragrance Lab Franchising, Inc.

**Financial Statements
and Independent Auditors' Report**

Years Ended December 31, 2025 and 2024

MAHER & CO.
CERTIFIED PUBLIC ACCOUNTANTS

www.maherco.com



101 S. HANLEY, SUITE 1325
ST. LOUIS, MISSOURI 63105
p: 314.726.0626
f: 314.726.0627

INDEPENDENT AUDITORS' REPORT

Stockholders
TIJON FRAGRANCE LAB FRANCHISING, INC.
Tucson, Arizona

Opinion

We have audited the financial statements of Tijon Franchise Lab Franchising, Inc. which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of income and stockholders' equity, and of cash flows for the years then ended, and the related notes to the financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tijon Franchise Lab Franchising, Inc. as of December 31, 2025 and 2024, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tijon Franchise Lab Franchising, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of Tijon Franchise Lab Franchising, Inc. to continue as a going concern for a period of one year from the date these financial statements were available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit

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conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 Tijon Fragrance Lab Franchising, Inc.'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 judgement, there are conditions or events considered in the aggregate, that raise substantial doubt about Tijon Fragrance Lab Franchising, Inc.'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 identified during the audit.

Maher & Company PC

Certified Public Accountants
January 28, 2026

Tijon Fragrance Lab Franchising, Inc.
Statements of Financial Position
December 31

	2025	2024
Assets		
Current Assets		
Cash	\$ 137,936	\$ 103,686
Franchise fees receivable (no allowance for credit loss considered necessary)	17,500	26,850
Deferred expenses - broker fees	<u>30,187</u>	<u>45,000</u>
Total current assets	185,623	175,536
Deferred Expenses - Broker Fees	<u>5,578</u>	<u>-</u>
	<u>\$ 191,201</u>	<u>\$ 175,536</u>
 Liabilities and Stockholders' Equity		
Current Liabilities		
Deferred revenue	<u>\$ 81,826</u>	<u>\$ 150,547</u>
Total current liabilities	81,826	150,547
Deferred Revenue	23,806	7,141
Stockholders' Equity		
Common stock, \$1 par value, 1,000 shares authorized, 103 shares issued and outstanding	103	103
Additional paid-in capital	5,818	5,818
Retained earnings	<u>79,648</u>	<u>11,927</u>
	<u>85,569</u>	<u>17,848</u>
	<u>\$ 191,201</u>	<u>\$ 175,536</u>

See Notes to Financial Statements.

Tijon Fragrance Lab Franchising, Inc.
Statements of Income
Years Ended December 31

	2025	2024
Revenue	\$ 270,369	\$ 42,485
General and Administrative Expenses		
Broker fees	102,406	13,450
Professional fees	6,610	9,851
Marketing and trade shows	6,990	6,550
Other	3,032	106
	<u>119,038</u>	<u>29,957</u>
Net Income	<u>\$ 151,331</u>	<u>\$ 12,528</u>

See Notes to Financial Statements.

Tijon Fragrance Lab Franchising, Inc.
Statements of Stockholders' Equity
Years Ended December 31, 2025 and 2024

	Common Stock		Additional Paid-In Capital		Retained Earnings (Deficit)	Total
	Shares	Amount				
Balances, January 1, 2024	100	\$ 100	\$ 5,818	\$ (601)	\$	5,317
Issuance of common stock	3	3	-	-		3
Net income	-	-	-	12,528		12,528
Balances, December 31, 2024	103	103	5,818	11,927		17,848
Distributions to stockholders	-	-	-	(83,610)		(83,610)
Net income	-	-	-	151,331		151,331
Balances, December 31, 2025	103	\$ 103	\$ 5,818	\$ 79,648	\$	85,569

See Notes to Financial Statements.

Tijon Fragrance Lab Franchising, Inc.
Statements of Cash Flows
Years Ended December 31

	2025	2024
Cash Flows from Operating Activities		
Net income	\$ 151,331	\$ 12,528
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in franchise fees receivable	9,350	(26,850)
Change in deferred expenses - broker fees	9,235	(45,000)
Change in deferred revenue	<u>(52,056)</u>	<u>156,171</u>
Net cash provided by operating activities	117,860	96,849
Cash Flows from Financing Activities		
Issuance of common stock	-	3
Distributions to stockholders	<u>(83,610)</u>	<u>-</u>
Net cash (used in) provided by financing activities	<u>(83,610)</u>	<u>3</u>
Net Increase in Cash	34,250	96,852
Cash, January 1	<u>103,686</u>	<u>6,834</u>
Cash, December 31	<u>\$ 137,936</u>	<u>\$ 103,686</u>

See Notes to Financial Statements.

Tijon Fragrance Lab Franchising, Inc.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024

Note A - Summary of Significant Accounting Policies

Business Tijon Fragrance Lab Franchising, Inc. (the Company) was incorporated in September 2017 under the laws of the state of Arizona to operate as a franchisor of Tijon Fragrance Lab locations throughout the United States and the Caribbean. The Company grants franchises to qualified persons or business entities to operate a business providing retail sales of perfumes and colognes as well as a variety of classes teaching patrons how to create their own custom fragrances.

As of December 31, 2025, the Company had franchise agreements in place with eighteen locations, of which seven were signed in 2024 and eight were signed in 2025. There were three franchise locations open at December 31, 2024, and eleven franchise locations open at December 31, 2025. Of the seven locations not yet opened at December 31, 2025, Company management expects all but one to open during 2026.

Use of estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Management's estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the financial statement dates. Actual results may differ from those estimates.

Revenue recognition The Company recognizes revenue in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 952, *Franchisors*. With respect to the initial franchise fees, the Company has elected practical expedients available to franchisors under ASC 952 whereby the Company accounts for pre-opening services as distinct from the franchise license, and accounts for the pre-opening services as a single performance obligation. The Company's other performance obligation associated with the initial franchise fee is the licensing of the franchise. See Note B.

Franchise fees receivable Franchise fees receivable include billed amounts owed from franchisees for which the Company has an unconditional right to payment. While the underlying franchise agreements stipulate the initial franchise fees are due and payable upon execution, management occasionally permits franchisees to defer payment for specified periods of time not to extend beyond the opening of the franchise locations.

The allowance for credit losses represents an estimate of the lifetime expected credit losses inherent in receivables as of the date of the statement of financial position. Management regularly assesses the collectability of franchise fees receivable based on a review of outstanding receivables including their age in relation to the payment terms established with the franchisees, a current analysis of the credit worthiness of franchisees, and other existing economic conditions. When management determines a particular receivable is uncollectible, it is charged-off against the allowance for credit losses. There was no allowance for credit losses as of January 1, 2024.

Deferred expenses In accordance with ASC 340-40, broker fees constitute incremental costs of obtaining a contract as the Company would not have incurred those costs if the related franchise agreements had not been obtained. See Note C.

Trademarks The Company owns the rights to certain trademarks associated with the Company's name, which have been successfully registered with the United States Patent and Trademark Office. The costs associated with the applications for registration of those trademarks and subsequent renewal were paid by the related party discussed in Note B and were insignificant.

Income taxes The Company has elected to be treated as an S Corporation for income tax purposes under the provisions of the Internal Revenue Code. Income taxes are generally the personal responsibility of the stockholders and, accordingly, no provision for income taxes have been included in the accompanying statements of income.

Subsequent events The Company has evaluated all subsequent events as of January 28, 2026, which is the date these financial statements were available to be issued, but has not evaluated any events after that date.

Note B - Revenue Recognition and Related Party

The Company's agreements with franchisees typically contain ten-year terms and stipulate the pre-opening and ongoing obligations of the Company and the franchisees. Initial franchise fees are generally required to be paid by the franchisees at the commencement of the agreements, with recurring royalties and other fees due periodically throughout their terms. The Company's contracts do not contain significant financing components as payment by the franchisees is required to occur prior to the one-year anniversary of the franchisees taking control of the goods and services that are the subject of the contracts.

The transaction price associated with each initial franchise fee is allocated to its two performance obligations based on management's estimates of relative standalone selling prices in accordance with FASB ASC 606-10-32. The transaction price associated with pre-opening services for each franchisee is deferred initially and subsequently recognized over time, as that performance obligation is satisfied. The Company measures progress to completion for pre-opening services using an input measure, that being the relationship of pre-opening services provided to date to total pre-opening services expected prior to the opening of the franchise location. The transaction price associated with the licensing of each franchise is deferred initially, and subsequently recognized ratably on a straight-line basis over the terms of the franchise agreements.

Pursuant to a 2017 management agreement amended in 2021, the Company has assigned its rights to franchisee payments after the initial franchise fees to a separate, related party entity owned by the stockholders of the Company. In exchange for the rights to those recurring royalties and other fees, the related party has agreed to satisfy performance obligations to the franchisees on behalf of the Company in relation to pre-opening services and ongoing services after the locations open. Accordingly, the Company's revenues are related solely to initial franchise fees, and no costs associated with the pre-opening services performance obligations are recognized in the accompanying financial statements.

Deferred revenue in the accompanying statements of financial position represents the Company's contract liabilities associated with unsatisfied (or partially satisfied) performance obligations related to franchise licensing and pre-opening services. Deferred revenue is summarized by performance obligation as follows:

	Franchise Licensing	Pre-Opening Services	Total
Balances, January 1, 2024	\$ 1,517	\$ -	\$ 1,517
New franchise agreements sold	7,000	191,656	198,656
Revenue recognized	(476)	(42,009)	(42,485)
Balances, December 31, 2024	8,041	149,647	157,688
New franchise agreements sold	8,000	210,313	218,313
Revenue recognized	(1,191)	(269,178)	(270,369)
Balances, December 31, 2025	<u>\$ 14,850</u>	<u>\$ 90,782</u>	<u>\$ 105,632</u>

Management's expectations with respect to timing for satisfaction of these unsatisfied (or partially satisfied) performance obligations are as follows as of December 31, 2025:

	Franchise Licensing	Pre-Opening Services	Total
Expected to be earned within one year	\$ 1,700	\$ 80,126	\$ 81,826
Expected to be earned beyond one year	13,150	10,656	23,806
	<u>\$ 14,850</u>	<u>\$ 90,782</u>	<u>\$ 105,632</u>

Note C - Deferred Expenses

The Company initially defers broker fees paid which are specifically attributable to the new franchise locations, and recognizes expense in a systematic manner consistent with the method used in relation to revenue recognition for the performance obligation related to pre-opening services as described in Note B.

Deferred expenses - broker fees in the accompanying statements of financial position are summarized as follows:

Balances, January 1, 2024	\$ -
Broker fees paid for franchise agreements sold during the year	58,450
Broker fees expense recognized	<u>(13,450)</u>
Balances, December 31, 2024	45,000
Broker fees paid for franchise agreements sold during the year	93,171
Broker fees expense recognized	<u>(102,406)</u>
Balances, December 31, 2025	<u>\$ 35,765</u>

Noncurrent deferred expenses - broker fees as presented on the accompanying 2025 statement of financial position relate to fees specifically attributable to one location not expected to open until after 2026.

Note D - Concentrations

Credit risk The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and franchise fees receivable. The Company places its cash at financial institutions where such balances may, at times, be in excess of the FDIC insurance limit.

Significant customers The nature of the Company's business results in individual franchise agreements comprising a significant portion of annual revenues. In the year ended December 31, 2024, three franchise locations represented 99% of revenue. In the year ended December 31, 2025, four franchise locations represented 42% of revenue. Other franchise locations each individually represented less than 10% of total 2025 revenues.

Note E - Subsequent Event

In January 2026, the Company entered into a franchise agreement with terms consistent with existing agreements in relation to an additional franchise location, and collected the initial franchise fee of \$29,750 stipulated therein. In addition, the Company paid a broker fee of \$15,000 in January 2026 which was specifically attributable to the franchise agreement signed in January 2026.



Tijon Fragrance Lab Franchising, Inc.

**Financial Statements
and Independent Auditors' Report**

Years Ended December 31, 2024 and 2023

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CERTIFIED PUBLIC ACCOUNTANTS

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ST. LOUIS, MISSOURI 63105
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INDEPENDENT AUDITORS' REPORT

Stockholders
TIJON FRAGRANCE LAB FRANCHISING, INC.
Tucson, Arizona

Opinion

We have audited the financial statements of Tizon Fragrance Lab Franchising, Inc. which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of operations and stockholders' equity, and of cash flows for the years then ended, and the related note to the financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tizon Fragrance Lab Franchising, Inc. as of December 31, 2024 and 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tizon Fragrance Lab Franchising, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of Tizon Fragrance Lab Franchising, Inc. to continue as a going concern for a period of one year from the date these financial statements were available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit

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conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 Tijon Fragrance Lab Franchising, Inc.'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 judgement, there are conditions or events considered in the aggregate, that raise substantial doubt about Tijon Fragrance Lab Franchising, Inc.'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 identified during the audit.

Maher & Company PC

Certified Public Accountants
March 11, 2025

Tijon Fragrance Lab Franchising, Inc.
Statements of Financial Position
December 31

	2024	2023
Assets		
Current Assets		
Cash	\$ 103,686	\$ 6,834
Due from franchisee	26,850	-
Deferred expenses - broker fees	45,000	-
	<u>175,536</u>	<u>6,834</u>
Total current assets	<u>\$ 175,536</u>	<u>\$ 6,834</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Deferred revenue	\$ 150,547	\$ -
	<u>150,547</u>	<u>-</u>
Total current liabilities		
Deferred Revenue	7,141	1,517
Stockholders' Equity		
Common stock, \$1 par value, 1,000 shares authorized, 103 and 100 shares issued and outstanding, respectively	103	100
Additional paid-in capital	5,818	5,818
Retained earnings (deficit)	11,927	(601)
	<u>17,848</u>	<u>5,317</u>
	<u>\$ 175,536</u>	<u>\$ 6,834</u>

See Note to Financial Statements.

Tijon Fragrance Lab Franchising, Inc.
Statements of Operations
Years Ended December 31

	2024	2023
Revenue	\$ 42,485	\$ 200
General and Administrative Expenses		
Broker fees	13,450	-
Professional fees	9,851	270
Marketing and trade shows	6,550	-
Other	106	160
	<u>29,957</u>	<u>430</u>
Net Income (Loss)	<u>\$ 12,528</u>	<u>\$ (230)</u>

See Note to Financial Statements.

Tijon Fragrance Lab Franchising, Inc.
Statements of Stockholders' Equity
Years Ended December 31, 2024 and 2023

	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Total
	Shares	Amount			
Balances, January 1, 2023	100	\$ 100	\$ 5,818	\$ (371)	\$ 5,547
Net loss	-	-	-	(230)	(230)
Balances, December 31, 2023	100	100	5,818	(601)	5,317
Issuance of common stock	3	3	-	-	3
Net income	-	-	-	12,528	12,528
Balances, December 31, 2024	103	\$ 103	\$ 5,818	\$ 11,927	\$ 17,848

See Note to Financial Statements.

Tijon Fragrance Lab Franchising, Inc.
Statements of Cash Flows
Years Ended December 31

	2024	2023
Cash Flows from Operating Activities		
Net income (loss)	\$ 12,528	\$ (230)
Increase in due from franchisee	(26,850)	-
Increase in deferred expenses - broker fees	(45,000)	-
Increase (decrease) in deferred revenue	<u>156,171</u>	<u>(200)</u>
Net cash provided by (used in) operating activities	96,849	(430)
Cash Flows from Financing Activities		
Issuance of common stock	3	-
Receipt of amount due from stockholders	<u>-</u>	<u>5,000</u>
Net cash provided by financing activities	<u>3</u>	<u>5,000</u>
Net Increase in Cash	96,852	4,570
Cash, January 1	<u>6,834</u>	<u>2,264</u>
Cash, December 31	<u>\$ 103,686</u>	<u>\$ 6,834</u>

See Note to Financial Statements.

Tijon Fragrance Lab Franchising, Inc.
Note to Financial Statements
Years Ended December 31, 2024 and 2023

Business Tijon Fragrance Lab Franchising, Inc. (the Company) was incorporated in September 2017 under the laws of the state of Arizona to operate as a franchisor of Tijon Fragrance Lab locations throughout the United States and the Caribbean. The Company grants franchises to qualified persons or business entities to operate a business providing retail sales of perfumes and colognes as well as a variety of classes teaching patrons how to create their own custom fragrances. There were three active franchise locations at December 31, 2024 and 2023. The Company signed franchise agreements related to seven additional franchise locations in 2024, all of which Company management expects to open for business in 2025.

Use of estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Management's estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the financial statement dates. Actual results may differ from those estimates.

Trademarks In October 2017, a related party assigned to the Company the rights to certain trademarks associated with the Company's name. Those trademarks were successfully registered with the United States Patent and Trademark Office prior to the Company's inception. The costs associated with the applications for registration of those trademarks and subsequent renewal were paid by the related party, and the consideration paid by the Company to acquire the rights associated with the trademarks were insignificant. In 2019, one of the Company's trademarks expired and was not renewed. In 2022, the Company's active trademark was also registered with the French trademark office.

Revenue recognition and related party The Company's agreements with franchisees typically contain ten-year terms and require the franchisees to pay initial franchise fees at the commencement of those agreements, in addition to royalties and other fees periodically after the locations open for business. The franchise agreements stipulate the pre-opening and ongoing obligations of the Company. With respect to the initial franchise fees, the Company has elected practical expedients available to franchisors under Accounting Standards Codification (ASC) Topic 952 *Franchisors* whereby the Company accounts for pre-opening services as distinct from the franchise license, and accounts for the pre-opening services as a single performance obligation. The Company's other performance obligation associated with the initial franchise fee is the licensing of the franchise.

The transaction price associated with each initial franchise fee is allocated to those two performance obligations based on management's estimates of relative standalone selling prices in accordance with ASC 606-10-32. The transaction price associated with the licensing of each franchise is deferred initially, and subsequently recognized ratably on a straight-line basis over the terms of the franchise agreements.

Deferred revenue on the accompanying statements of financial position represents the Company's contract liabilities associated with partially unsatisfied performance obligations related to franchise licensing and pre-opening services. Deferred revenue is summarized by performance obligation as follows for the years ended December 31, 2023 and 2024:

	Franchise Licensing	Pre-Opening Services	Total
Balances, January 1, 2023	\$ 1,717	\$ -	\$ 1,717
Revenue recognized - franchise licensing	(200)	-	(200)
Balances, December 31, 2023	1,517	-	1,517
New franchise agreements sold	7,000	191,656	198,656
Revenue recognized - franchise licensing	(476)	-	(476)
Revenue recognized - pre-opening services	-	(42,009)	(42,009)
Balances, December 31, 2024	\$ 8,041	\$ 149,647	\$ 157,688

Management's expectations with respect to timing for satisfaction of these unsatisfied (or partially satisfied) performance obligations are as follows as of December 31, 2024:

	Franchise Licensing	Pre-Opening Services	Total
Expected to be earned within one year	\$ 900	\$ 149,647	\$ 150,547
Expected to be earned beyond one year	7,141	-	7,141
	<u>\$ 8,041</u>	<u>\$ 149,647</u>	<u>\$ 157,688</u>

With respect to royalties and other fees after the franchise locations open for business, the Company's performance obligations under its agreements with franchisees have been transferred to a related party entity, pursuant to the terms of a management agreement. In a similar manner, the Company's rights to those revenues under agreements with franchisees have also been transferred to that related party. Accordingly, management has determined that the Company has no performance obligations to fulfill or consideration to be received from the franchisees and, accordingly, no revenue or costs of revenue have been recognized in 2024 or 2023 related to royalties and other fees. The Company and the related party have common stockholders.

Deferred expenses The Company paid broker fees of \$52,500 during 2024 that were specifically attributable to four of the seven franchise agreements signed in 2024. In accordance with ASC 340-40, broker fees constitute incremental costs of obtaining a contract as the Company would not have incurred those costs if the related franchise agreements had not been obtained. Accordingly, the Company initially deferred the broker fees paid in relation to the new 2024 franchise locations, and has recognized expense in a systematic manner consistent with the method used in relation to revenue recognition for the performance obligation related to pre-opening services.

The Company recognized expense of \$7,500 in the year ended December 31, 2024, in relation to broker fees initially deferred, and expects to recognize expense for the remaining deferred amount in 2025.

Income taxes The Company has elected to be treated as an S Corporation for income tax purposes under the provisions of the Internal Revenue Code. Income taxes are generally the personal responsibility of the stockholders and, accordingly, no provision for income taxes have been included in the accompanying statements of operations.

Subsequent events In January 2025, the Company entered into a franchise agreement with terms consistent with existing agreements in relation to an additional franchise location, and collected the initial franchise fee stipulated therein. In February 2025, the Company collected the amount due to the Company from a franchisee as of December 31, 2024.

The Company has evaluated all subsequent events as of March 11, 2025, which is the date these financial statements were available to be issued, but has not evaluated any events after that date.

EXHIBIT I
To Franchise Disclosure Document
STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

STATE	EFFECTIVE DATE
CALIFORNIA	
HAWAII	
ILLINOIS	
INDIANA	
MARYLAND	
MICHIGAN	
MINNESOTA	
NEW YORK	
NORTH DAKOTA	
RHODE ISLAND	
SOUTH DAKOTA	
VIRGINIA	
WASHINGTON	
WISCONSIN	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J
To Franchise Disclosure Document
RECEIPTS

RECEIPT

This disclosure document summarizes provisions of the Franchise Agreement and/or Development Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Tijon Fragrance Lab Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Tijon Fragrance Lab Franchising, Inc. 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 in the state agency listed on Exhibit "C."

The Franchisor is Tijon Fragrance Lab Franchising, Inc. , located at 4757 North Woldford, Tucson, Arizona 85749, with a telephone number at 520-484-5728.

Issuance Date: March 25, 2026

Tijon Fragrance Lab Franchising, Inc. authorizes the respective state agencies identified on Exhibit "C" to receive service of process for it in the particular state.

I received a disclosure document dated March 25, 2026 that included the following Exhibits:

- | | |
|--|---|
| A – Franchise Agreement and Exhibits | F – List of Current Franchisees; Former |
| B – Development Agreement and Exhibits | Franchisees |
| C – List of State Agencies and Agents for Service of | G – Sample Release Agreement |
| Process | H – Financial Statements |
| D – State Addenda | I – State Effective Dates |
| E – Table of Contents of Manual | J – Receipts |

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

John Berglund	4757 North Woldford, Tucson, Arizona 85749	520-484-5728

Individual, Corporation or Limited Liability Company Information:

By: _____
Print Name: _____
Title: _____

Name of Entity: _____
Address: _____
Telephone Number: _____
Date: _____

KEEP THIS COPY FOR YOUR RECORDS.

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Print Name: _____
Title: _____

Name of Entity: _____
Address: _____
Telephone Number: _____
Date: _____

PLEASE RETURN THIS COPY TO US: By mail to Tijon Fragrance Lab Franchising, Inc. at 4757 North Woldford, Tucson, Arizona 85749, Attn: John Berglund.