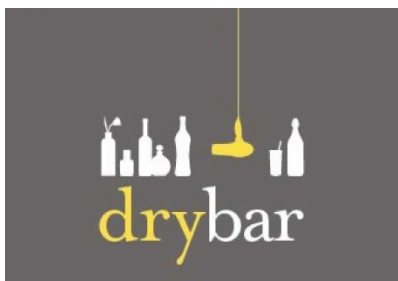


## FRANCHISE DISCLOSURE DOCUMENT



DB Franchise, LLC  
(A Delaware limited liability company)  
1890 Wynkoop Street, Unit 1  
Denver, CO 80202  
(303) 663-0880  
[www.drybarshops.com](http://www.drybarshops.com)  
[info@drybarshops.com](mailto:info@drybarshops.com)

You will operate an upscale shop offering hairstyling services in a spa-like setting and at off-site locations under the trade name and service mark DRYBAR®.

The estimated investment necessary to begin operation of a Drybar Shop franchised business is \$391,229 to \$1,096,999 if you are opening a Traditional Shop and from \$401,929 to \$705,999 if you are opening a Value Engineering Shop. This includes \$117,124 to \$128,374 that must be paid to the franchisor or its affiliate(s).

The estimated initial investment necessary to develop two or more Shops under our form of Area Development Agreement depends on the number of franchises that we grant you the right to open. By way of example, the estimated initial investment associated with acquiring the right to develop three Shops pursuant to an Area Development Agreement and necessary to begin operations of the first of those Shops ranges from \$446,299 to \$1,151,999 if you are opening a Traditional Shop and from \$456,929 to \$760,999 if you are opening a Value Engineering Shop, which includes, which includes: (a) a Development Fee amounting to \$105,000 payable to us upon signing, and (b) the initial investment to begin operations of the initial franchised Shop you are required to development within your Development Area.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact DB Franchise, LLC's Legal Department at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, (303) 663-0880.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-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](http://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: April 1, 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
<b>How much can I earn?</b>	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 Exhibits D1 and D2.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Drybar® business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Drybar franchisee?</b>	Exhibits D1 and D2 list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 agreement 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 F.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by arbitration and/or litigation only in Denver, Colorado. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with the franchisor in Colorado than in your own state.
2. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or its affiliates or third-party suppliers set. These prices may be higher than prices you could obtain elsewhere for similar goods. This may reduce the anticipated profit of your franchise business.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

## **DISCLOSURES REQUIRED BY MICHIGAN LAW**

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This 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 subfranchisor.

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

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

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

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

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

If the franchisee has any questions regarding this notice, those questions should be directed to:

State of Michigan Department of Attorney General  
Corporate Oversight Division, Franchise Section  
G. Mennen Williams Building, 5<sup>th</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
Telephone: (517) 335-7567

**DB FRANCHISE, LLC**  
Franchise Disclosure Document  
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## **ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

### **The Franchisor**

To simplify the language in this Franchise Disclosure Document (“Disclosure Document”), “we,” “us,” “our,” “Franchisor,” or “Drybar” means DB Franchise, LLC, the franchisor. “You,” “your,” or “Franchisee” means the person or legal entity (including an individual, corporation, partnership, limited liability company or other legal entity, and its owners, officers, and directors) buying the franchise. If you are a legal entity, your direct and indirect owners will have to guarantee your obligations and be bound by the provisions of the franchise agreement and other agreements as described in this Disclosure Document.

We are a limited liability company formed in the State of Delaware on January 29, 2021. Our principal business address is 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202. We conduct business under our company name and its sole d/b/a “Drybar” and no others.

### **Our Business Activities**

*Franchise Program.* We sell franchises for the operation of upscale shops (“Shops”) that offer blow-dry hairstyling services provided in inviting settings and at off-site locations, such as residences, corporate offices, hotels, and private event venues. Shops are not full-service hair salons; Shops do not offer haircuts or coloring. The Drybar franchise system is sometimes referred to as the “Franchise System.”

We will enter into the franchise agreement attached as Exhibit B (the “Franchise Agreement”), which will grant to you a license to use the service mark “Drybar” for the purpose of owning and operating a Shop.

If we offer you the right to enter into an Area Development Agreement (the “Area Development Agreement”), you will acquire a specified number of franchises and open, according to a specified schedule (the “Development Schedule”), a corresponding number of Shops, each under a separate Franchise Agreement, within a specifically described geographic territory (the “Development Area”). The form of Area Development Agreement you would sign is attached as Exhibit C to this Disclosure Document. For each Shop you develop, you must sign our then-current form of Franchise Agreement, which may be different than the form we were using when you signed the Area Development Agreement.

Currently, we do not directly own or operate any Shops. As further explained in the section marked “Predecessor” below, we have offered franchises in the line of business disclosed in this Disclosure Document since February 2021, and we have not offered franchises in any other line or business or conducted any other business. As of December 31, 2025, there were 198 Drybar franchise shops in the United States, six franchised shops in the United Kingdom and one franchised shop in Saudi Arabia.

### **Our Parents, Predecessors and Affiliates**

*Parents.* Our parent is Pomp Holdings, LLC (“PH”), which is wholly owned by Steele Pomp Investment, LLC (“Steele Pomp”). Steele Pomp is owned by the following: Transom Bloom Buyer, LLC, Transom Bloom Intermediate II, LLC, Transom Bloom Intermediate I, LLC, Transom Bloom Holdings, LP, Transom Bloom DB Holdco, Inc., and Transom Bloom Topco, LP, which are our ultimate parents (collectively “Transom Entities”).

*Predecessor.* On February 8, 2021 (the “Closing Date”), we purchased substantially all of the assets of the Franchise System, including all franchise agreements, the rights to use and franchise the trademarks, service marks and other intellectual property that comprise the Franchise System and the Drybar brand from Drybar Holdings LLC (“DB”) and certain of its affiliates and owners (the “Transaction”). As a result, we became the franchisor of the Franchise System and we now offer and sell franchises for Shops. DB offered Drybar franchises from April 2012 to the Closing Date through its wholly owned subsidiary Drybar Franchising LLC (sometimes referred to herein as “our predecessor”). DB and Drybar Franchising LLC had their principal business address at 125 Technology Drive, Suite 150, Irvine, California 92618. We do not currently offer area representative franchises, but we may do so in the future.

#### *Affiliates.*

*Drybar Gift Cards.* DBGC, LLC (“Drybar Gift Card”) is our affiliate organized for purposes of marketing and issuing gift cards from Shops and on our website. You will be required to purchase gift cards from Drybar Gift Card and offer Drybar gift cards for sale and/or redemption in your Shop. Drybar Gift Card is a Delaware limited liability company and affiliate of ours that also maintains its principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202.

*Amazing Lash Studio Franchise Program.* Our affiliate, Amazing Lash Franchise, LLC (“ALF”), is the franchisor of the Amazing Lash Studio® franchise system. ALF began offering franchises in September 2018; however, its predecessor began offering Amazing Lash Studio franchises in May 2013. As of December 31, 2025, there were 166 Amazing Lash Studio franchise locations.

*Elements Massage Franchise Program.* Our affiliate, Elements Therapeutic Massage, LLC (“ETM”), offers and sells franchises to operate Elements Massage® studios. ETM began offering and selling Elements Massage franchises in 2006. As of December 31, 2025, there were 239 Elements Massage studios in the United States.

ETM’s affiliate, Elements Massage Franchise Canada Ltd. (“EMFC”), operates under an Intellectual Property License Agreement with ETM to sell franchises to own and operate Elements Massage studios in Canada. EMFC has offered franchises for Elements Massage studios in Canada since November 11, 2013. As of December 31, 2025, there was one franchised Elements Massage studio in Canada.

*Fitness Together Franchise Programs.* Our affiliate, Fitness Together Franchise, LLC (“FTF”), is the franchisor of the Fitness Together® one-on-one personal training studio system. FTF began offering franchises in 1996. As of December 31, 2025, there were 82 Fitness Together franchise studios.

*Radiant Waxing Franchise Program.* Our affiliate, Radiant Waxing Franchise, LLC (“RWF”), is the franchisor of the Radiant Waxing® franchise system. RWF began offering franchises in July 2021 under the mark “LunchboxWax” until December 2021; however, its predecessor began offering franchises under the mark “LunchboxWax” in March 2013. In December 2021, RWF began offering franchises under the mark “Radiant Waxing.” As of December 31, 2025, there were 58 Radiant Waxing salons, which include those that formerly operated under the mark “LunchboxWax.”

Our affiliate, FTHC Operating Company, LLC (“FTHC”), provides services in connection with ETM’s gift card program.

Our affiliate, RW GC, LLC (“RW Gift Card”), provides services in connection with RWF’s gift card program.

Our affiliate, Wellness and Vitality Exchange, LLC (“WAVE”), is a distributor of certain products and equipment to Drybar franchisees and those of our affiliated brands.

Lastly, our affiliate, WellBiz Brands, LLC, provides certain management services to us pursuant to a management services agreement.

The principal business address for PH, Steele Pomp, and the affiliates described in this Item 1 is 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202. The principal business address for the Transom Entities described in this Item 1 is 100 North Pacific Coast Highway, Suite 1725, El Segundo, California 90245. Other than as described above, none of our parent companies, nor any affiliates required to be disclosed in this Item 1 directly offers franchises in any line of business or otherwise conducts business of the type being offered to you in this Disclosure Document.

### Description of the Franchised Business

The DRYBAR® concept traces its roots to 2008, when the brand’s founder, Allison Webb, began providing in-home hair styling services, on a strictly referral basis, in the West Los Angeles area. The concept quickly gained popularity. In February 2010, the first Drybar Shop opened in Brentwood, California, with the vision of creating an inviting, relaxing, and fun environment where women can pamper themselves and get a fantastic, reasonably priced blow-dry style in about 45 minutes. Drybar Franchising LLC began offering franchises in April 2012.

We grant to each franchisee a license to use the “Drybar” service mark, together with other trademarks, service marks, and commercial symbols (collectively, the “Marks”) for use in identifying and operating the Shop. You will sell and provide various forms of blow-dry hairstyling services, as well as any related services and products that may be offered in the future. You will operate the Shop according to our mandatory specifications, standards, operating procedures, and rules (“System Standards”). The distinguishing characteristics of the Franchise System include the business formats, business system, methods, procedures, signs (and together with other fixtures, furniture, equipment, and required computer hardware and software (the “Operating Assets” as further explained in Item 8)), designs, layouts, standards, specifications, the Operations Manual (as defined in Item 11) and Marks, all of which we may improve, further develop, or otherwise modify from time to time.

Our Franchise System includes a strong brand image, education and training programs, blow-dry hair styling procedures, customer service standards and procedures, membership programs, gift certificate programs, advertising and marketing specifications and requirements, and other System Standards that we designate for developing, operating, and managing a DRYBAR® Shop, all of which we may change, improve, and further develop. A typical Shop will be located in an upper-middle class (or higher) retail center, will house 8 to 12 chairs, and have 1,100 to 2,200 square feet. These are considered to be “traditional Shops”. We also may grant franchises to operate DRYBAR® Shops in locations like hotels or private clubs which are “non-traditional Shops”. In some instances, non-traditional Shops may have less chairs than a traditional Shop.

## **The Market and Competition**

While the hair care business generally is well developed and highly competitive, we believe that the Franchise System and its Shops occupy an underserved niche market of women who want to experience high-end blow-dry hair styling services (without color or cutting services) in a spa-like environment for a reasonable price. The Shop will compete with high-end salons that offer hair styling services at higher price points, and budget salons that offer hair styling services at lower price points, in a less inviting environment. The Shop will also compete with a number of new retail competitors who have launched similar high-end blow-dry hair styling businesses.

## **Industry Specific Regulations**

Shop stylists must have cosmetology licenses in the state in which the Shop operates in order to work in a Shop. Some states may only require “blow out” licenses which have a shorter training requirement than a cosmetology license. You also must comply with all municipal, county, and state regulations relating to the operation of a hair salon and spa. Health and sanitation regulations require that your stylists maintain their hair care equipment according to specified standards, which includes following proper sanitizing and waste disposal procedures. Environmental laws may regulate the way in which certain solutions are used, stored, and disposed of in the process of providing services to your customers. Building codes may require special ventilation in your Shop.

Your Shop may require zoning or land-use approvals, Sunday sale permits, sales and use tax permits, special tax stamps, fire department permits, health permits, alarm permits, county occupational permits, retail sales licenses, and wastewater discharge permits. You also must comply with all applicable laws, rules, and orders of any governmental authority concerning any pandemic or public health crisis, which may require businesses in the hair styling industry to materially modify, limit, or cease operations for an indeterminate period. There may be other laws, rules, or regulations that affect your Shop, including ADA, OSHA, and EPA considerations.

You must also comply with applicable employment laws, including federal and state discrimination laws, minimum wage, and other laws and regulations that apply to businesses generally. If your Shop will offer alcoholic beverages and/or food, you may be required to obtain a liquor or beer and wine license and/or other licenses and permits related to food service. Zoning regulations also may prohibit or restrict your sale or dissemination of alcoholic beverages. You are not required, however, to offer or sell alcoholic beverages and/or food at your Shop. We do not offer opinions or assistance with local licensing issues, you are encouraged to retain local counsel to advise and assist you with these matters.

You must comply with all payment card infrastructure (“PCI”) industry and government security standards and requirements designed to protect cardholder data. PCI standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data.

You are responsible for knowing and complying with all laws and licensing requirements related to the operation of your Shop. We strongly recommend that you consult with your own counsel concerning all applicable licenses, laws, and regulations before you decide to purchase a franchise.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Amanda Clark, Chief Executive Officer and Manager**

Ms. Clark has been our Chief Executive Officer, and has held the same position with our affiliates, since March 2024 in Denver, Colorado. From February 2020 until March 2024, Ms. Clark held various roles with Papa John's Franchising, LLC in Atlanta, Georgia, including most recently as Chief Operating Officer for International from September 2023 to March 2024.

### **Ankin Laysha, Chief Operating Officer**

Ms. Laysha has been our Chief Operating Officer, and has held the same position with our affiliates since March 2023 in Denver, Colorado. From September 2019 to February 2023, Ms. Laysha served as Senior Director of Strategy and Design for 24 Hour Fitness in Carlsbad, California. From July 2016 to September 2019, Ms. Laysha served as an Engagement Manager for McKinsey & Company in Los Angeles, California.

### **Kristin Brink, Chief Financial Officer**

Ms. Brink has been our Chief Financial Officer since January 2025 in Denver, Colorado. From July 2022 to December 2024, Ms. Brink served as VP Finance/CFO & VP IT for La Terra Fina in Union City, California. From December 2005 to July 2022, Ms. Brink served as Managing Director, Finance for The Clorox Company in Oakland, California.

### **Amanda Clayton Millikan, VP, Real Estate & Construction**

Ms. Millikan has been our VP, Real Estate & Construction since December 2024 in Denver, Colorado. From November 2022 to December 2024, Ms. Millikan served as SVP, Development for Bonchon Korean Fried Chicken in Dallas, Texas. From July 2021 to October 2022, Ms. Millikan served as Head of Franchise Development for Yogurtland in Farmers Branch, Texas. From September 2020 to June 2021, Ms. Millikan served as Chief Development Officer for WoodHouse in Dallas, Texas.

### **James Franks, VP, Head of Franchise Growth**

Mr. Franks has been our VP, Head of Franchise Growth since March 2025 in Denver, Colorado. From November 2019 to March 2025, Mr. Franks served as Vice President of Franchise Recruiting at Unleashed Brands – Unleashed Services LLC in Bedford, Texas.

## **ITEM 3. LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4. BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

## ITEM 5. INITIAL FEES

**Initial Franchise Fee.** Unless you are signing a Franchise Agreement under an Area Development Agreement, when you sign a Franchise Agreement to develop a single Shop, you must pay us an initial franchise fee (the “Initial Franchise Fee”) of \$50,000. You must pay the Initial Franchise Fee as a lump sum by wire transfer. The Initial Franchise Fee is fully earned by us when paid by you, and is not refundable.

**Development Fee.** If we grant you the right to develop two or more Shops under an Area Development Agreement, you must pay us a one-time development fee (the “Development Fee”) upon executing your Area Development Agreement. Your Development Fee will depend on the number of Shops we grant you the right to develop within the Development Area and is calculated as follows:

- (1) \$100,000 if you sign an Area Development Agreement in which you agree to develop two Shops;
- (2) \$35,000 multiplied by each Shop you agree to develop if you sign an Area Development Agreement in which you agree to develop three to five Shops;
- (3) \$30,000 multiplied by each Shop you agree to develop if you sign an Area Development Agreement in which you agree to develop six to nine Shops; and
- (4) \$25,000 multiplied by each Shop you agree to develop if you sign an Area Development Agreement in which you agree to develop 10 or more Shops.

Typically, an area developer is expected to develop three to five Shops and the range of the Development Fee in that case would be \$105,000 to \$175,000. You will be required to enter into our then-current form of Franchise Agreement for each Shop you wish to develop under your Area Development Agreement, but you will not be required to pay an Initial Franchise Fee at the time you execute each of these Franchise Agreements. If you enter into an Area Development Agreement, you must execute our current form of Franchise Agreement for the first Shop we grant you the right to open within the Development Area concurrently with the Area Development Agreement.

The Development Fee is due in a lump sum when you sign your Area Development Agreement. The Development Fee is fully earned by us upon your execution of the Area Development Agreement, and is not refundable.

*Veterans’ and Active-Duty Military Discount.* We offer a 20% discount on the Initial Franchise Fee for veterans and active-duty members of the United States armed forces who will hold at least a 51% ownership interest in the Shop to be developed and operated under a Franchise Agreement. We reserve the absolute right to determine whether you qualify for this discount and we may deny this discount or modify this discount at any time for any reason.

*Minority-Owned Business Discount.* We offer a 20% discount on the Initial Franchise Fee for members of a minority race or ethnicity (Black, Hispanic, Asian, Pacific Islander, or American Indian/Alaska native) who will hold at least a 51% ownership interest in the Shop to be developed and operated under a Franchise Agreement. We reserve the absolute right to determine whether you qualify for this minority-owned business discount and we may deny this discount or modify this discount at any time for any reason.

The veterans' and active-duty military and minority-owned business discounts cannot be combined with any other discounts offered above, including the discounts to the Development Fee.

We reserve the right to waive or reduce the Initial Franchise Fee for other franchisees. In the fiscal year ended December 31, 2025, we received Initial Franchise Fees ranging from \$0 to \$45,000.

**Other Initial Payments.** Before you open your Shop, you may be required to pay us the fees stated below:

*Initial Opening Package.* Before opening your Shop, you must purchase an "Initial Opening Package" from our affiliate WAVE. The Initial Opening Package includes but is not limited to: (i) most of your initial supplies (including hair styling products, brushes, dryers, and other styling tools); (ii) all of your initial inventory (including hair styling products, brushes, dryers, and other styling tools); and (iii) certain wall decorations, display frames, stylist chairs, and wash stations. The estimated cost of this Initial Opening Package from WAVE will range from \$45,000 to \$51,000, depending on the size of your particular Shop and excluding taxes and freight which will vary depending on where your Shop is located. All amounts paid to WAVE for the Initial Opening Package are fully earned when paid and are not refundable under any circumstances.

*Additional Attendees for Training Program.* We currently require only you or your Operating Partner (as defined in Item 15) and your Designated Manager (if applicable) (as defined in Item 15) to attend the Training Program (as defined in Item 11) before opening your Shop. You may invite additional employees to attend the Training Program if space allows, but we may charge you our then-current training fee (currently, \$500 per attendee, plus costs). Additionally, if any required individual fails to attend or complete the Pre-Opening Training to our satisfaction, we may delay your Shop's opening until such training is completed and require you to pay our then-current training fee (including our trainers' travel and living expenses) for any additional, repeat, or remedial training. We do not expect or require you to send additional persons to the Training Program, and we may limit the number of attendees, so we currently estimate your cost for additional attendees will be \$0. We also do not expect you to fail to attend or complete the Pre-Opening Training, so we currently estimate that cost will be \$0.

*Initial Software Set-Up and Technology Fees.* You are required to pay us a \$499 set-up fee for the set-up of certain required software programs. You are also required to pay us a \$75 fee for gift card program set-up fee and the technology fee for the two months before opening (\$775 per month).

*Architect Exception Request Fee.* If we approve an exception to the requirement that you use one of our approved architects, engineering, and design vendors, you must pay us an architectural exception request fee of \$2,500.

*Site Feasibility Fee.* We will provide one feasibility and two revised feasibilities for a proposed site for your Shop at no charge, but following such three feasibilities, you must pay us \$250 for each additional feasibility we generate in connection with evaluating proposed sites for your Shop.

*Signage Exception Request Fee.* If we approve an exception to the requirement that you use one of our approved signage vendors for your Shop's signage, you must pay us a fee of \$1,500 to review the signage fabrication drawings.

*Search Territory Change Fee.* If you request to amend the Search Territory set forth in your Franchise Agreement, and we agree to such change, we reserve the right to charge you an administrative fee of \$1,000 concurrently with executing documentation to implement the amended Search Territory.

*Grand Opening Spend Requirement.* No later than 10 days after the date that you sign an approved lease for the Premises (or 10 days after the date you purchase and take possession of an existing Shop), you must pay a \$20,000 non-refundable spend fee (the “Grand Opening Spend Requirement”) to either us (by ACH) or a designated vendor (via their designated payment method), as we direct. We will determine the allocation of the Grand Opening Spend Requirement and will advise as to whom payment will be made. If you are signing the Franchise Agreement in connection with the renewal of an existing Shop, we do not charge a Grand Opening Spend Requirement.

*Manager Training Program.* Before you open your Shop, based on the factors we determine, we may offer you (or your Operating Partner) and any applicable Designated Manager the opportunity to attend a manager training program. If we offer such training and you elect to attend such training, you may be required to pay us our then-current fee (currently, \$500 per day per attendee, plus costs).

*Referral Fee Program.* If an existing franchisee refers a prospective franchisee to us who ultimately purchases a franchise for a Shop, we currently pay the referring franchisee a referral fee which ranges from \$0 to \$5,000. We reserve the absolute right to determine whether referring franchisees qualify to receive any referral fees and we may discontinue or modify this referral fee program at any time for any reason.

Except as otherwise noted, the initial fees described above are not refundable under any circumstances.

**ITEM 6. OTHER FEES**

<b>Type of Fee*</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	7% of Gross Receipts	5 <sup>th</sup> day of each month	See Note 1
Brand Marketing Fund	2% of Gross Receipts (subject to our right to increase)	5 <sup>th</sup> day of each calendar month	See Note 2
Local Advertising Fee	\$2,000 per month (subject to our right to increase)	15 <sup>th</sup> day of each calendar month (or as determined by a third-party vendor)	See Note 3
Local Spend Amount	2% of Gross Receipts (subject to our right to increase)	As incurred	See Note 3
Default Fee	\$250 - \$2,500	Upon receipt of statement	See Note 4
Dishonored Check or Insufficient Funds Fee	\$150	Upon receipt of statement	See Note 5
Interest on Late Payments	1.5% per month or highest commercial rate	Upon receipt of statement	See Note 6
Monthly Management Fee (in event of your abandonment, default, or termination)	Up to \$7,500 per month, plus direct out-of-pocket expenses	1 <sup>st</sup> day of each month upon occurrence	See Note 7

<b>Type of Fee*</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Replacement or Remedial Training Program Fee	Then-current fee, currently \$500 per attendee, plus costs and expenses	Before replacement or remedial training	See Note 8
Additional or Special Training	Then-current fee, currently, \$500 per day per trainer or attendee (as applicable to the training program), plus costs and expenses	Before additional training	See Note 9
Annual Conference Registration Fees	Then-current annual conference registration fees for at least one attendee (currently, between \$599 to \$699 per person), plus costs and expenses. Default fee applies for non-attendance.	Before annual conference	See Note 10
Manager Training Program	Then-current fee, currently \$500 per day per attendee, plus costs and expenses	Before you attend training program	See Note 11
Technology Fee	Currently, \$775 per month	1 <sup>st</sup> day of each calendar month	See Note 12
Marketing Cooperatives	As established (none are currently in existence)	As established	See Note 13
Successor Franchise Fee	25% of the then-current Initial Franchise Fee	Upon renewal	See Note 14
Transfer Fee – Franchise Agreement	50% of the then-current Initial Franchise Fee; reduced to \$2,500 for select ownership interest transfers (see note)	Upon signing the consent to transfer	See Note 15
Transfer Fee – Area Development Agreement	\$2,500 for administrative costs and expenses in connection with ownership interest transfers. Development rights cannot be transferred.	Upon signing the consent to transfer	
Transfer Fee Deposit	\$5,000	Upon signing the consent to transfer	See Note 16
Inventory	Varies according to products purchased	At the time of purchase	See Note 17
Royalty Underpayments (audit)	Varies. Difference between amount reported and correct amount, plus applicable interest (and if understated amount is more than 2%, plus our costs (including attorneys' and accountants' fees)).	Time of audit	See Notes 18 & 30
Defense or Enforcement Costs	All costs including attorneys' fees (variable)	Upon settlement or conclusion of a claim or other legal action	See Notes 19 & 30
Indemnification	All costs including attorneys' fees (variable)	Upon settlement or conclusion of a claim or other legal action	See Notes 20 & 30
Collection Costs	Actual costs and expenses to collect past due or other amounts	Upon settlement or conclusion	See Notes 21 & 30

<b>Type of Fee*</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Arbitration and Proceeding Costs	Our arbitration or other court costs plus attorneys' fees and costs if we prevail in the arbitration or proceeding	Upon conclusion of arbitration or proceeding	See Notes 22 & 30
Liquidated Damages	An amount equal to the combined monthly average of Royalties, Brand Marketing Fund contributions, and any other fees under the Franchise Agreement (without regard to any fee waivers, or other reductions) payable during the 12 months preceding the date of early termination, multiplied by the lesser of (i) 24 or (ii) the number of full months remaining in the term. The present value of the total calculated at a discount rate of 8%, assuming payment at the end of each month, will be our Liquidated Damages.	Upon termination of Franchise Agreement by you without cause or because of your default	See Note 23
Alternative Supplier Evaluation	Varies according to administrative expenses in evaluating the request and its complexity	On demand	See Note 24
Relocation Fee	\$10,000, plus costs and fees associated with migrating clients to nearby Shops	Upon our approval of relocation request	See Note 25
Shop Educator Program Fee	Then-current training fee (\$500 per day per attendee), plus costs and expenses	Before training	See Note 26
Quality Assurance Inspections	Actual costs and expenses	As incurred	See Note 27
Media Licensing Fees	Then-current fee, currently \$35 per month	5 <sup>th</sup> day of each calendar month	See Note 28
Development Area Change Fee	\$1,000	Upon our approval of Development Area change request	See Note 29
In-House Legal Billing Rates	Then-current hourly billing rate for in-house attorneys (currently, \$400 per hour) and paralegals (currently, \$150 per hour)	As incurred	See Note 30
Booking Platform Fee	\$150 per month	As incurred	See Note 31

\* Except as otherwise noted, all fees are uniformly imposed on all franchisees and collected by, and payable to, us (or our designated affiliate). Any fees paid to us are non-refundable unless otherwise noted. Your costs for certain items listed above may differ depending on the suppliers used, local costs, and other factors. We will auto-debit your bank account (known as "ACH") for all fees you are required to pay to us under the Franchise Agreement. We will ACH your bank account for the amounts due based on your gross monthly receipts from the previous month, as obtained by us from our approved computer system used by you to record receipts. Your ACH will remain in effect throughout the term of the Franchise Agreement and any successor franchise terms. You must ensure that funds are available in your bank account to cover our

withdrawals. Some banks charge fees for us to ACH your account; you must pay those fees. We may require you to pay any amounts due under the Franchise Agreement or otherwise by means other than ACH (*e.g.*, by check or credit card) whenever we deem appropriate, and you must comply with our payment instructions. If you fail to comply with our payment instructions, we reserve the right to exclude you from participating in certain programs. In addition, your failure to comply with our payment instructions will be considered a default under the Franchise Agreement.

#### **NOTES:**

1. **Royalty.** You must pay us a monthly royalty on the 5th day of each month starting with the 1st full calendar month after opening the Shop. We reserve the right to collect royalties on a weekly, rather than monthly, basis upon notification to you.

If we are unable to access information from your Computer System (as defined in Item 11), and you fail to report your Shop's Gross Receipts when due, then for each payment due under the Franchise Agreement that is calculated based on Gross Receipts, we may debit your business account 110% of the average of your last three applicable payments that we debited. If the amounts that we debit from your business account are less than the amounts you actually owe us (once we have determined your Shop's true and correct Gross Receipts), we will debit your business account for the balance on the day we specify. If the amounts we debit from your business account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your business account on the next payment due date.

Despite any designation you make, we may apply any of your payments to us or our affiliates to any of your past due indebtedness to us or our affiliates.

"Gross Receipts" include all of your revenue and receipts, including those taken by cash, credit card, debit card, check, electronic funds transfer, ACH, trade, barter or exchange. Gross Receipts also include: (a) any other means of revenue derived from the operations of your Shop, including the sale of memberships, merchandise, or any products or services that are sold by you, whether sold at the Premises or from an off-Premises location; (b) all revenue from the sale or redemption of gift cards, in accordance with our then-current System Standards; and (c) the gross amount of any business interruption or similar insurance payments. Gross Receipts exclude: (i) sales, use or privilege taxes paid to the appropriate taxing authority; (ii) refunds that are provided to clients (not including chargebacks); and (iii) tips received from clients for payment to your employees. The "Premises" is the specific location of your Shop that we approve.

2. **Brand Marketing Fund.** You must make contributions to an advertising and marketing fund (the "Brand Marketing Fund") of 2% of the Gross Receipts of your Shop, which we will spend on preparing marketing, recruiting, advertising, and promotional materials and programs that will be used nationally, regionally, multi-regionally, or locally. We may increase the amount you are required to contribute to the Brand Marketing Fund upon 30 days' written notice, but you will not be required to contribute more than 4% of the Gross Receipts of your Shop. You must also satisfy the Grand Opening Spend Requirement (see Item 5) and the Local Marketing Spend Requirement described below.

3. **Local Marketing Spend Requirement.** You must pay us, or to a third-party vendor we designate, a minimum “Local Advertising Fee” each month, which is currently \$2,000 per month. We or our designated vendor will use the Local Advertising Fee toward paid digital advertising programs (and any evolutions or “next generations” thereof) for your Shop within an area reasonably surrounding your Shop, which may include but not be limited to social media advertising and search engine marketing. We may periodically increase or otherwise modify the amount of your Local Advertising Fee or its accompanying digital advertising programs or resources upon 30 days’ written notice to you. We currently collect the Local Advertising Fee by ACH on the 15th day of each month for the preceding month. We may change the day of the month on which we collect the Local Advertising Fee. If we designate a third-party vendor to administer the paid digital advertising programs described above, you may be required to sign a participation agreement or similar document with such third-party vendor which will include payment terms regarding the Local Advertising Fee.

You must additionally spend a minimum of 2% of the Gross Receipts of your Shop each month toward approved advertising, marketing and promotional programs for your Shop within an area reasonably surrounding your Shop (the “Local Spend Amount”). We may periodically increase the amount of your Local Spend Amount upon 30 days’ written notice to you. We refer to the Local Advertising Fee and your Local Spend Amount together as the “Local Marketing Spend Requirement.” Your Local Marketing Spend Requirement excludes any contributions you make to the Brand Marketing Fund, but any contributions you make to a Marketing Cooperative will count toward your Local Spend Amount. Your required Marketing Cooperative contributions could, by themselves, exceed the Local Spend Amount. We or our affiliates may be a designated supplier of local advertising, marketing and promotional programs for your Shop.

4. **Default Fee.** If you are in default of the Franchise Agreement and we send you a default notice, you must pay us a default fee in consideration for our administrative expenses, which may range from \$250 to \$2,500.
5. **Dishonored Checks or Insufficient Funds Fee.** If you write us a check that is returned, cancelled or dishonored, or if we ACH your bank account (in accordance with the terms of the Franchise Agreement) and your account has insufficient funds or is inaccessible, you must pay us an insufficient funds fee.
6. **Interest on Late Payments.** All amounts that you owe us for any reason will bear interest accruing as of their original due date at 1.5% per month or the highest commercial contract interest rate the law allows, whichever is less. We may debit your bank account automatically for transaction charges and interest.
7. **Monthly Management Fee (in the event of your abandonment, default, or termination).** If: (1) you abandon or fail actively to operate your Shop; (2) you fail to comply with any provision of the Franchise Agreement or any System Standard and do not cure the failure within the applicable cure period; or (3) the Franchise Agreement is terminated and we are deciding whether to exercise our option to purchase the Shop, we have the right (but not the obligation): (i) to enter the Premises to make any modifications we deem necessary to protect the Operating Assets; (ii) to remove any equipment, signage, or other materials featuring the Marks; (iii) to cure any defaults under the lease; and (iv) to assume all of your rights under the lease. We additionally have the right (but not the obligation) to enter the Premises and assume your Shop’s management for any period of time we

deem appropriate, but not to exceed six months. If we (or a third party we designate) assume your Shop's management, you must pay us our then-current monthly management fee, plus our (or the third party's) direct out-of-pocket costs and expenses. Our monthly management fee will not exceed \$7,500 per month. These amounts are in addition to any Royalty, Brand Marketing Fund contributions, and other amounts which may be due to us or our affiliates.

8. **Replacement or Remedial Training Program Fee.** Any successor or replacement Operating Partner (defined in Item 15) or Designated Manager (defined in Item 15) may be required to complete the Training Program no more than 90 days after being appointed (see Item 11). Additionally, if you (or your Operating Partner) or your Designated Manager (if applicable), or any other personnel required by us, fail to satisfactorily complete the Training Program, then we reserve the right to require such individual to attend remedial training and you may be required to pay us our then-current training fee for such remedial training. Our current training fee is \$500 per attendee. We may increase the amount of the fee upon 30 days' written notice to you. You are responsible for travel and living expenses, including wages, transportation, food, lodging, and workers' compensation insurance incurred by you or your personnel to attend such training.
9. **Additional or Special Training Fee.** If you request, and we agree to provide, additional or special guidance, assistance, or training, we may charge you our then-current training fee. Further, we may require you and/or certain other employees of your Shop (including any applicable Designated Manager) to attend or otherwise complete various training courses (including electronic training courses), trade shows, ongoing education or certification programs, and/or webinars at the times and locations designated by us, including courses and programs provided by third parties we designate. You may be required to pay fees to third-parties or pay us our then-current training fee for such courses and programs. Our current training fee is \$500 per day per trainer or attendee. We may increase the amount of the fee upon 30 days' written notice to you. Lastly, if you are acquiring an existing Shop and we do not choose to provide an on-site training team or if you would like additional on-site support, you may request such additional or special support for our then-current training fee. You are responsible for travel and living expenses, including wages, transportation, food, lodging, and workers' compensation insurance incurred by you or your personnel to attend such training. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to your Shop to conduct training, including food, lodging and transportation.
10. **Annual Conference Registration Fees.** You (or your Operating Partner) and any applicable Designated Manager are required to attend any scheduled annual franchise owner conferences. You (or your Operating Partner) and any applicable Designated Manager are required to attend any scheduled annual franchise owner conferences. You will be required to pay our then-current registration fee for each attendee no later than sixty (60) days prior to the scheduled annual conference. If you do not timely pay the then-current registration fee for each attendee, and unless you obtain a written attendance waiver from us, we reserve the right to collect via ACH the then-current registration fee for at least one attendee on behalf of your Shop. Our current conference fee ranges from \$599 to \$699 per attendee. We may increase the amount of the fee upon 30 days' written notice to you. If you do not attend, we may charge you a default fee for failing to attend. You are responsible for travel and living expenses, including wages, transportation, food, lodging, and workers' compensation insurance incurred by you or your personnel to attend such training.

11. **Manager Training Program Fee.** Before or after you have opened your Shop for business, we may offer you (or your Operating Partner) and any applicable Designated Manager, based on the factors that we determine, the opportunity to attend a manager training program. If you elect to attend such training, you may be required to pay us our then-current training fee. We do not currently require attendance and completion of this manager training program, but we may do so in the future. You are responsible for travel and living expenses, including wages, transportation, food, lodging, and workers' compensation insurance incurred by you or your personnel to attend such training.
12. **Technology Fee.** We require you to pay a fee to us, or a service provider we designate (which may be one of our affiliates), for technology-related services, including website or email hosting, help desk support, software or website development, enterprise solutions and other services associated with your Computer System and/or any Franchise System Website (a "Technology Fee"). The Technology Fee is payable monthly, which we will ACH from your bank account on the 1st day of each month beginning 60 days before your Shop opens. The email portion of the Technology Fee includes up to five users; we currently charge between \$25 and \$28 per month per account if you request, and we agree to establish, additional email accounts for your Shop. We may increase the amount of the fee upon 30 days' written notice to you. If you want access to technologies other than email before opening, then the Technology Fee will accrue at the monthly rate from such time. If we travel to your Shop to provide any technological support and/or installation services, you must also reimburse us for the costs we incur for such site visit, including travel, food, and lodging.
13. **Marketing Cooperatives.** We may establish a marketing cooperative in a geographic area in which three or more Shops are located ("Marketing Cooperative"). The Marketing Cooperative's members will include all Shops operating in the geographic area, including us and our affiliates, if applicable. Any Shop we or our affiliates own will have the same voting power as franchised Shops. We may also require that you join an existing Marketing Cooperative operating in a geographic area encompassing or near your Shop. We may collect Marketing Cooperative fees and transfer those fees to the Marketing Cooperative, or the Marketing Cooperative may collect the fees directly, as we determine. We may designate, approve or develop standards and specifications for Marketing Cooperative suppliers. We will determine how any Marketing Cooperative is organized and governed, but the Marketing Cooperative's members are responsible for its administration and determination of contribution levels. All Marketing Cooperatives will be governed by written documentation we designate or approve. Such documentation is available for Marketing Cooperative member review. We may form, modify, change, dissolve, or merge Marketing Cooperatives. As of the date of this Disclosure Document, there are zero Marketing Cooperatives in existence.
14. **Successor Franchise Fee.** If you are approved to acquire a successor franchise upon the expiration of your Franchise Agreement, you will sign our then-current forms of renewal addendum and franchise agreement (which may contain terms and conditions materially different from those in the form of Renewal Addendum and Franchise Agreement attached to this Disclosure Document) and pay us a successor franchise fee. The successor franchise fee is due upon the execution of the successor franchise agreement and is payable by wire transfer.
15. **Transfer Fee.** You must pay us a transfer fee if you sell or transfer ownership of your Shop, or if you assign or sell any interest in you (if you are an entity) or in the Shop. You must pay us a transfer

fee equal to fifty percent (50%) of our then-current initial franchise fee for new franchises, unless the transfer is equal to or less than a ten percent (10%) ownership interest in you (if you are an entity), in which case you must pay us \$2,500 for administrative costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees. You must pay us this transfer fee in a lump sum by wire transfer at the time you sign the conditional consent to transfer. If the transferee is referred to you by a broker, you must also pay the broker's fees. You do not have to pay a transfer fee if you transfer your individual interest in the Franchise Agreement to a corporation, limited liability company, partnership or similar entity in which you own a controlling interest. If we terminate our conditional consent to the transfer or the transferee's franchise agreement for certain reasons (for instance, if the transfer does not occur or the transferring parties fail to meet the conditions to our consent), and the transferring parties sign a general release, then we will refund the transfer fee. However, if the transferee has already attended any portion of initial training, we will only refund 50% of the transfer fee.

16. **Transfer Fee Deposit.** In the event of a transfer, you must pay us a fee deposit of \$5,000 when you sign the conditional consent to transfer. We will refund the deposit to you, less any amounts which may be due under the Franchise Agreement, within 30 days following the effective date of the transfer or the date on which you and the transferee have complied with all terms in our agreement and conditional consent to transfer, whichever is later.
17. **Inventory.** Currently, our affiliate WAVE, is the designated distributor for the following categories of items: (i) most of your supplies (including hair styling products, brushes, dryers, and other styling tools), inclusive of Back Bar Products (see Item 8); (ii) all of your inventory (including hair styling products, brushes, dryers, and other styling tools), inclusive of Private Label Products (see Item 8); and (iii) certain wall decorations, display frames, stylist chairs, and wash stations.
18. **Royalty Underpayments (audit).** If an examination or audit of your books and records reveals that any payments due or made to us were based upon understated amounts, then within fifteen (15) days after receiving the examination report, you must pay us an amount equal to the payment that would have been due or paid in the absence of understated amounts, minus the payment actually due or made, plus applicable interest, calculated on an annual basis, from the date the disputed amount was originally due until the correct amount is paid. If the understatement is 2% or more, then you will also reimburse us for any costs and expenses, including accounting and attorneys' fees, in connection with the examination or audit.
19. **Defense or Enforcement Costs.** If we are successful in any action based on your breach of the Franchise Agreement, we will be entitled to have you pay our reasonable attorneys' fees, court costs, expenses of litigation and all other costs associated with any other appropriate remedies.
20. **Indemnification.** You must indemnify us and our affiliates from all claims related to your Shop, the Franchise Agreement or your breach of the Franchise Agreement.
21. **Collection Costs.** If you withhold amounts owed to us and we pursue collection of such amounts, you must pay to us all of our costs and expenses, including arbitration and court costs, attorneys' fees, the value of our employees' time, witness fees and travel expenses in connection with our collection efforts.

22. **Arbitration and Proceeding Costs.** The prevailing party of any arbitration or litigation shall be entitled to recover from the other party all costs and expenses, including arbitration and court costs, witness fees, and reasonable attorneys' fees.
23. **Liquidated Damages.** You will be required to pay us the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalties, Brand Marketing Fund contributions, and Marketing Cooperative contributions, less any cost savings, through the remainder of the term of the Franchise Agreement (the "Liquidated Damages") if we terminate the Franchise Agreement based on your default or if you terminate the Franchise Agreement without cause before its expiration. Liquidated Damages will be equal to the combined monthly average of Royalties, Brand Marketing Fund contributions, and any other fees under the Franchise Agreement (without regard to any fee waivers, or other reductions) payable during the 12 months preceding the date of early termination, multiplied by the lesser of (i) 24 or (ii) the number of full months remaining in the term. The present value of the total calculated at a discount rate of 8%, assuming payment at the end of each month, will be our Liquidated Damages. In addition to Liquidated Damages, we reserve all other remedies we have under the Franchise Agreement.
24. **Alternative Supplier Evaluation.** If you would like us to consider approving a supplier that is not then approved, you must submit your request in writing before purchasing any items or services from that supplier. We will not be obligated to respond to your request or make our specific criteria available to you, and we may require that you pay us a fee to compensate us for the time and resources we spend in evaluating the proposed supplier, which may be set forth in the Operations Manual and vary depending on our administrative expenses in evaluating the request and its complexity. Approval of a supplier may be conditioned on any factors we determine, including requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, and standards of service.
25. **Relocation Fee.** You may not relocate your Shop to a location other than the Premises without our prior written approval. Our decision on whether to approve or deny a relocation request will be based on our then-current standards for approving relocation requests, which may include a variety of factors including the viability of the proposed location within your existing Shop's designated market area (as determined by us) and the availability of alternative locations. We will endeavor to provide a written response to any relocation request within 30 days of receiving your written request. If we allow you to relocate your Shop, you must pay us a relocation fee of \$10,000 at the time we approve your request, the relocation will be subject to the site selection and lease provisions in your Franchise Agreement and you will relocate the Shop at your sole expense and you must cooperate with us to preserve client goodwill with impacted clients (including by issuing full or partial refunds or otherwise facilitating their migration to nearby Shops which can fulfill services and paying any costs and fees to us associated with such migration).
26. **Shop Educator Program Fee.** As further described in Item 11, you must hire and at all times maintain, a "Shop Educator" at your Shop who has completed our Shop Educator training program (the "Shop Educator Program"). We reserve the right to charge our then-current training fee for the Shop Educator Program; however, we do not charge a training fee for your initial Shop Educator. If we charge a training fee for the Shop Educator Program, we may also increase the amount of the fee upon 30 days' written notice to you. We will provide the Shop Educator Program at the times

and locations we determine. You are responsible for travel and living expenses, including wages, transportation, food, lodging, and workers' compensation insurance incurred by you or your personnel to attend such training.

27. **Quality Assurance Inspections**. We may contract with third parties to conduct or engage mystery shopper services, client surveys, client satisfaction programs, other market research tests, or quality-assurance inspections at your Shop (collectively, "Quality Assurance Inspections") and we reserve the right to seek reimbursement of all associated costs and expenses.
28. **Media Licensing Fees**. You must pay our then-current media licensing fee (currently, \$35 per month) for media content shown or played in the Shop. We reserve the right to change this fee upon 30 days' written notice to you.
29. **Development Area Change Fee**. If you request to amend the Development Area set forth in your Area Development Agreement, and we agree to such change, we reserve the right to charge you an administrative fee of \$1,000 concurrently with executing documentation to implement the amended Development Area.
30. **In-House Legal Billing Rates**. Attorneys' fees and costs which are due and owing to us include any work performed by any attorneys and legal staff working on our behalf, expressly including our in-house attorneys, paralegals, and our administrative costs. In addition to any of your obligations within the Franchise Agreement to indemnify us against, reimburse us for, or otherwise pay our attorneys' fees and costs (such as those obligations described in Notes 18 through 22 above), our in-house attorneys' work will be invoiced to you at their then-current hourly billing rate (currently, \$400 per hour) while our paralegals' work will be invoiced to you at their then-current hourly billing rate (currently, \$150 per hour). We may increase the billing rates for our in-house attorneys and/or paralegals upon 30 days' written notice to you. For the purpose of clarity, nothing in your Franchise Agreement will establish a joint-representation arrangement of any kind whatsoever between you and our in-house legal department.
31. **Booking Platform Fee**. If you terminate the Franchise Agreement, we terminate the Franchise Agreement for any reason (except if we elect to purchase your Shop or we consent to a transfer of your Shop and terminate the Franchise Agreement accordingly), or, the term of the Franchise Agreement (including any successor term) expires, you will pay to us, for a period of 90 days, a monthly booking platform hosting fee to keep the Shop's booking platform active following the date of termination/expiration to help manage the session, membership and gift card liability from the Shop.

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**ITEM 7. ESTIMATED INITIAL INVESTMENT  
YOUR ESTIMATED INITIAL INVESTMENT (FRANCHISE AGREEMENT)**

Type of Expenditure	<u>Traditional</u>		<u>Value Engineering</u>		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low Amount	High Amount	Low Amount	High Amount			
Initial Franchise Fee <sup>1</sup>	\$50,000	\$50,000	\$50,000	\$50,000	Lump sum	Upon signing Franchise Agreement	Us
Real Property, Utility, and Other Security Deposits <sup>2</sup>	\$3,000	\$12,000	\$3,000	\$12,000	As arranged	As incurred	Third-party suppliers & landlord
Leasehold Improvements (net of landlord tenant allowances) <sup>3</sup>	\$145,000	\$600,000	\$145,000	\$270,000	As arranged	As arranged	Landlord, approved suppliers, and contractors
Cabinetry, Millwork, Furniture, and Décor <sup>4</sup>	\$52,000	\$118,000	\$52,000	\$65,000	As arranged	As arranged	Approved suppliers
Initial Opening Package <sup>5</sup>	\$45,000	\$51,000	\$45,000	\$51,000	As arranged	As incurred before opening	Our affiliate WAVE
Initial Software Set-Up and Technology Fees <sup>6</sup>	\$2,124	\$2,124	\$2,124	\$2,124	As arranged	As billed	Us
Computer System & Other A/V Technology <sup>7</sup>	\$22,000	\$35,000	\$26,000	\$32,000	As arranged	As incurred	Approved suppliers
Training Program and Other Training Expenses <sup>8</sup>	\$9,600	\$11,000	\$9,600	\$11,000	As arranged	As incurred	Hotels, restaurants, airlines, car rental providers, and other travel-

Type of Expenditure	<u>Traditional</u>		<u>Value Engineering</u>		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low Amount	High Amount	Low Amount	High Amount			
							related service providers
Architect, Engineer, Drawings <sup>9</sup>	\$8,300	\$23,000	\$15,000	\$21,000	As arranged	As incurred	Approved suppliers
Grand Opening Spend Requirement <sup>10</sup>	\$20,000	\$20,000	\$20,000	\$20,000	Lump sum	After signing lease or taking possession of Shop	Us
Signage and Graphics <sup>11</sup>	\$7,300	\$24,000	\$7,300	\$21,000	As arranged	As incurred	Approved suppliers
Office and Business Supplies <sup>12</sup>	\$3,300	\$8,720	\$3,300	\$8,720	As arranged	As incurred	Third-party suppliers
Business Licenses and Permits <sup>13</sup>	\$525	\$17,325	\$525	\$17,325	As required by government authorities	As required by government authorities	Applicable government authorities
Insurance (Initial 20% Payment) <sup>14</sup>	\$1,100	\$1,300	\$1,100	\$1,300	As arranged	Before opening	Designated insurance carrier
Professional Fees <sup>15</sup>	\$1,980	\$13,530	\$1,980	\$13,530	As arranged	As incurred	Third-party professionals (accountants, legal, etc.)

Type of Expenditure	<u>Traditional</u>		<u>Value Engineering</u>		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low Amount	High Amount	Low Amount	High Amount			
Additional Funds (nine months) <sup>16</sup>	\$20,000	\$110,000	\$20,000	\$110,000	As arranged	First nine months of operation	Landlord, utilities providers, and other suppliers
<b>TOTAL ESTIMATED INITIAL INVESTMENT<sup>17</sup></b>	\$391,229	\$1,096,999	\$401,929	\$705,999			

**NOTES:**

- (1) **Initial Franchise Fee.** When you sign a Franchise Agreement to develop a single Shop, you must pay us an Initial Franchise Fee of \$50,000. You must pay the Initial Franchise Fee as a lump sum by wire transfer. The Initial Franchise Fee is fully earned by us when paid by you.

If you are signing the Franchise Agreement under an Area Development Agreement under which you or your affiliate previously paid a Development Fee, then, as described in Item 5, you may not be required to pay an Initial Franchise Fee at the time you execute the Franchise Agreement.

- (2) **Real Property, Utility, Security, and Other Deposits.** If you do not own retail space adequate to open your Shop, you must lease or rent the retail space from a third party. Shops are typically located in upper-middle class (or higher) retail centers, will house 8 to 12 chairs, and have 1,100 to 2,200 square feet. Estimated monthly lease payments range from \$5,000 to \$8,000 (including common area maintenance payments) depending on the size, condition, and location of the leased premises. Your landlord may require a security deposit before leasing the premises to you, which is typically equal to one month's rent. Some utility companies also may require a security deposit before commencing services.
- (3) **Leasehold Improvements (net of landlord tenant allowances).** The Shop must be built according to our brand standards and specifications. The amount of your leasehold improvements can vary substantially based on existing conditions, size, design, the site's previous use, labor costs (which may further include both union and non-union labor), materials, the state, city or area in which your Shop is located, and the nature and extent of improvements required. These amounts do not reflect costs for the purchase of unimproved land and construction of a free-standing location, which would also result in a significantly greater initial investment. You should carefully investigate all of these costs in the area where you wish to establish your Shop. The leasehold improvements estimate is based on the cost of adapting our prototypical architectural and design plans to a facility containing approximately 1,100 to 2,200 square feet. Typically, costs are higher in large metropolitan areas or if you choose premises with square footage in excess of the high range of 2,200 square feet. In addition, the range

disclosed in the chart is the range of costs after deducting any landlord allowances (tenant improvements, rent deduction and the like), which may or may not be granted by your landlord. We estimate that tenant improvement allowances typically range from \$0 to \$146,626; however, these allowances may vary by your location and other economic factors. The median leasehold improvement cost in 2025 was \$443,912 for Traditional Shops and \$207,462 for Value Engineering. Your construction costs may be higher depending on all of the factors described in this note. Lastly, this estimated range does not include building permits or plan review fees, which will vary depending on where your Shop is located.

- (4) **Cabinetry, Millwork, Furniture, and Décor.** You must purchase your Shop’s cabinetry and millwork from our designated supplier. The cost of these items will vary depending on the size of your Shop, the brands purchased, the quantity of the items purchased and other factors such as freight to your Shop. Furniture and décor items within this range are in addition to those included within the “Initial Opening Package” range.
- (5) **Initial Opening Package.** Before you open your Shop, you must purchase the “Initial Opening Package” from our affiliate WAVE. The Initial Opening Package includes but is not limited to: (i) most of your initial supplies (including hair styling products, brushes, dryers, and other styling tools); (ii) all of your initial inventory (including hair styling products, brushes, dryers, and other styling tools); and (iii) certain wall decorations, display frames, stylist chairs, and wash stations. All of these items are purchased through our affiliate WAVE. We estimate that the total payments for the Initial Opening Package will range between \$45,000 to \$51,000 (excluding taxes and freight, which will vary depending on where your Shop is located), although the specific amount will vary based on your particular Shop. All amounts paid to WAVE for the Initial Opening Package are fully earned when paid and are not refundable under any circumstances.
- (6) **Initial Software Set-Up and Technology Fees.** You must pay us a \$499 set-up fee for the set-up of certain required software programs, a \$75 fee for gift card program set-up, and the Technology Fee for two months before opening (\$775 per month), each of which is included in the figure stated in the Table.
- (7) **Computer System and Other A/V Technology.** After signing a lease for your Shop, you are required to purchase a technology package from our designated vendor which will include computers, tablets, and other devices for use in operating your Shop and which collectively comprise the “Computer System” described in the Franchise Agreement and in Item 11. The estimated cost in the table is inclusive of installation costs and services from our designated vendor and certain hardware from our required point-of-sale vendor. Your minimum requirements for these items are designated in the Operations Manual and in Items 8 and 11 of this Disclosure Document.
- (8) **Training Program and Other Training Expenses.** You must pay your own transportation, meals, lodging and any other living expenses for you and any other persons attending any training programs outlined in Item 11 of this Disclosure Document. The amount you spend per individual will depend on the distance traveled and the type of accommodations you choose. The estimate contemplates: (i) you and up to two other people traveling to a Franchisee Training Shop for approximately three days to attend the Training Program; (ii) your initial Shop

Educator (see Item 11) traveling to a Franchisee Training Shop or another training location for approximately five days to attend the Shop Educator Program; and (iii) estimated stylist training expenses for two weeks before you open your Shop, inclusive of estimated wages for your stylists but exclusive of any costs required to rent space if you have not already taken possession of your Shop's Premises and other miscellaneous training expenses. Further, the estimate does not include any wages or salary you may choose to pay yourself or others while attending the Training Program or Wi-Fi access and sufficient technology to attend any virtual training.

- (9) **Architect, Engineer, Drawings.** You must use one of our approved architect, engineering, and design vendors. Estimated fees do not include services beyond the basic scope of work or items such as structural engineering. If we approve an exception to the requirement that you use one of our approved architects, engineering, and design vendors, you must pay us an architectural exception request fee of \$2,500. Additionally, we will provide one feasibility and two revised feasibilities for a proposed site for your Shop at no charge, but following such three feasibilities, you must pay us \$250 for each additional feasibility we generate in connection with evaluating proposed sites for your Shop.
- (10) **Grand Opening Spend Requirement.** No later than 10 days after the date that you sign an approved lease for your Premises (or 10 days after the date you purchase an existing Shop), you must pay to either us (by ACH) or to a vendor (via their preferred payment method) the Grand Opening Spend Requirement of \$20,000. We will determine the allocation of the Grand Opening Spend Requirement and advise as to whom payment should be made. The Grand Opening Spend Requirement is in addition to your Local Marketing Spend Requirement. We and/or the preferred vendor will use the Grand Opening Spend Requirement to advertise, market, and promote your Shop using any suppliers we may designate in accordance with a marketing and recruiting plan that we determine, which may include pre-opening membership sales, recruitment of service providers, and related local promotional campaigns.
- (11) **Signage and Graphics.** The estimate includes one exterior sign which bears the Marks. The cost of the sign varies depending on the type, size and location of the sign, and may also be affected by shipping costs, as well as local zoning and other ordinances and regulations and landlord restrictions. If you want additional exterior signs, your cost will be higher. All exterior and interior sign packages must be submitted to us for review and approval. If we approve an exception to the requirement that you use one of our approved signage vendors for your Shop's signage, you must pay us a fee of \$1,500 to review the signage fabrication drawings.
- (12) **Office and Business Supplies.** We estimate that this range will cover the cost of various office and business supplies needed to operate a Shop for approximately the first 90 to 120 days of operations.
- (13) **Business Licenses and Permits.** The cost includes the licenses and permits required to operate a Shop in your location. The license and permit requirements are specific to the state and city/town in which your Shop is located. Certain states may require that you file and post a bond, the estimated cost of which is not included in the table.
- (14) **Insurance.** See Item 8 for more information about your minimum insurance requirements. Your landlord may require additional insurance. Under our designated vendor insurance program, you

pay 20% of the annual premium up front and the remaining premiums for the year in equal installments on a monthly basis. The estimated range shown in the table reflects an average initial 20% payment, which may vary depending on various factors and which you will pay before your Shop opens. However, franchisees typically have the option of paying the entire annual premium upfront. If you elect to pay your entire annual insurance premium upfront, these figures will be higher.

- (15) **Professional Fees.** These figures represent the estimated cost of hiring an attorney to assist you in evaluating the franchise opportunity, negotiating your lease, and in forming a business entity, and accountants' cost of setting up a new business. Before signing any lease, sublease, or other agreement to secure possession of any site (a "Lease"), you must obtain our written approval. The Lease must contain certain provisions we require, following the form of Lease Rider attached to the Franchise Agreement as Exhibit F. It is your sole responsibility to obtain a fully executed Lease Rider when executing your Lease. We recommend you have an attorney or other professional help you review and negotiate your Lease.
- (16) **Additional Funds (first nine months of operations).** The range of estimated costs represents your estimated initial start-up expenses (excluding amounts which are separately identified in the table). These estimated costs include payroll costs (excluding a draw or salary for you or your manager if you are not the manager), lease payments, Local Advertising Fees, monthly technology fees, and other operating expenses; however, this is only an estimate and you may need additional working capital if your sales are low or if you incur higher operating costs. The nine-month period is not intended, and should not be interpreted, to identify a point at which your Shop will break even. This estimated amount may vary based on a number of factors, including the extent to which you follow our methods and procedures, local economic conditions, the local market for your services and products, competition, sales levels achieved during the initial nine-month period, local wage rates (and the prevailing minimum wage rate in your jurisdiction), the extent of your actual participation in the Shop, your business acumen, your partners or shareholders (if applicable), and any other persons involved in the Shop.
- (17) **Total Estimated Initial Investment.** In 2025, we launched a "Value Engineering" Shop model that streamlines the opening process and offers lower costs in some of the categories describe in the Table above. The costs disclosed above in the "Value Engineering" columns are based on nine franchised Shops that either opened in 2025, or are in the process of opening, using the "Value Engineering" model, along with our general industry knowledge. We continue to offer the "Traditional" model of Shop, as detailed in the "Traditional" columns above. We expect most new franchisees to open new Shops using the "Value Engineering" model; however, certain franchisees may opt to, or may be required to, open using the "Traditional" model. Regardless of the model you choose to open under, you should review these figures carefully with your professional advisors, including financial and legal advisors, before making any decision to purchase a Shop. The amounts may vary based on your geographic location and the model you choose to open under. You should consider the costs of each of the items described in this Disclosure Document in your geographic location. Fees paid to us are not refundable under any circumstances, unless otherwise stated in the Franchise Agreement. Fees or costs due to any other entity are subject to the terms set under their agreements. Inflation, discretionary expenditures, fluctuating interest rates, freight and other shipping expenses, and other factors, such as how long it takes for you to secure an approved site for your Shop and the size of your particular Shop, may affect your actual costs to open your Shop. You are responsible for all

costs and variances from the estimated costs in this Item 7, or variances from any other estimates we may provide during any phase of the development of your Shop. The availability and terms of financing depend on the availability of financing generally, your creditworthiness, your available collateral, and lending policies of financial institutions. The estimate does not include any finance charges, interest, or debt service obligation and does not include any state and local taxes and any shipping expenses. We do not currently finance any portion of the initial investment.

**YOUR ESTIMATED INITIAL INVESTMENT  
(AREA DEVELOPMENT AGREEMENT)**

<b>Type of Expenditure<sup>1</sup></b>	<b>Traditional Amount</b>	<b>Value-Engineering Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Development Fee for Three Shops <sup>2</sup>	\$105,000	\$105,000	Lump sum	Upon signing Area Development Agreement	Us
Initial Investment to Open Initial Shop <sup>3</sup>	\$341,229 - \$1,046,999	\$351,929 - \$655,999	See first Item 7 table above.		
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b>	\$446,229 - \$1,151,999	\$456,929 - \$760,999	This is the total estimated initial investment to enter into an Area Development Agreement for the right to develop and own a total of three Shops and commence operating your initial Shop (as more fully described in the first Item 7 table above). See Note 3.		

**NOTES:**

1. **General.** All amounts payable to us are nonrefundable, unless otherwise noted.
2. **Development Fee.** If we grant you the right to develop two or more Shops under an Area Development Agreement, you must pay us a one-time Development Fee upon executing your Area Development Agreement. Your Development Fee will depend on the number of Shops we grant you the right to develop within the Development Area and is calculated as follows: (1) \$100,000 if you sign an Area Development Agreement in which you agree to develop two Shops; (2) \$35,000 multiplied by each Shop you agree to develop if you sign an Area Development Agreement in which you agree to develop three to five Shops; (3) \$30,000 multiplied by each Shop you agree to develop if you sign an Area Development Agreement in which you agree to develop six to nine Shops; and (4) \$25,000 multiplied by each Shop you agree to develop if you sign an Area Development Agreement in which you agree to develop 10 or more Shops. The Development Fee is due in a lump sum when you sign your Area Development Agreement. The Development Fee is fully earned by us upon your execution of the Area Development Agreement.
3. **Initial Investment for Initial Franchised Shop.** This figure represents the total estimated initial investment required to open and commence operating the first Shop you agree to develop under

your Area Development Agreement. You must execute our current form of Franchise Agreement for the first Shop we grant you the right to open within the Development Area concurrently with the Area Development Agreement. The range includes all of the items outlined in the first Item 7 table, except for the \$50,000 Initial Franchise Fee. It does not include any of the costs you will incur in developing, opening and initially operating any additional Shops that you are required to develop after your initial Shop under your Area Development Agreement.

## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### Purchases from Approved or Designated Suppliers, and Purchases According to Specifications

You must use our designated vendor for your music system and music library and our designated clearinghouse for movies, television and other media, and if required by us, you must purchase client facing equipment necessary to present music, movies, television and other media in our Shops. You may be required to purchase back-of-the-house equipment that you need for these systems from a designated vendor in accordance with our current System Standards. You must pay us our then-current monthly fee (currently, \$35 per month) to show media in your Shop.

Trade dress of the Shops is a unique aspect of our brand and you must use our approved or designated architect(s) to provide space planning and design services. You must purchase or lease the brands, types, and models of fixtures, furniture, equipment, components of the Computer System, and signs that we approve for Shops as meeting our specifications and standards for quality, design, appearance, function, and performance (“Operating Assets”). You must comply with all of our System Standards for the purchase of all Operating Assets, and other products used or offered for sale at your Shop.

Currently, our affiliate, WAVE, is the designated distributor of the following categories of items, including those products supplied by Helen of Troy Limited: (i) most of your supplies (including hair styling products, brushes, dryers, and other styling tools), inclusive of Back Bar Products; (ii) all of your inventory (including hair extensions, silk products, hair styling products, brushes, dryers, and other styling tools) inclusive of Private Label Products; and (iii) certain wall decorations, display frames, stylist chairs, and wash stations. We may add or remove items from the list of required products and services that you must acquire from us or our affiliates periodically in our discretion.

You must purchase POS computer hardware and subscribe to a software booking system from our approved suppliers. See Item 11 for more information about computer hardware and software requirements.

Our brand’s proprietary and/or logoed hair products and tools are a significant point of differentiation to our competitors’ services. Currently, all Private Label Products, Back Bar Products, and certain other products for use and resale in your Shop must be supplied by Helen of Troy Limited and purchased through WAVE. “Private Label Products” are proprietary and/or logoed hair care products and tools, including shampoos, conditioners, styling products, and treatments brushes, clips, rollers and sundries that you must use and offer to resell to customers. “Back Bar Products” are proprietary products used only in Shops, such as: liquid and aerosol products in larger, more economical sizes; tools with longer cords and undecorated outer packaging; and accessories that are packed out in multi-unit master cartons, without individual uni-cartons. Helen of Troy Limited, through WAVE, is the only supplier of Private Label Products and Back Bar Products to franchisees.

We also may establish designated or approved suppliers (which may be affiliated with us) for: (1) Shop fixtures, furniture, equipment, items of decor, (2) graphic design services, (3) advertising, point-of-purchase materials and other printed promotional materials, (4) gift certificates and gift cards, (5) stationery, business cards, contracts, and forms, (6) bags, packaging, and supplies bearing our Marks, (7) aprons and t-shirts, (8) public relations and advertising services, (9) architecture and construction services, (10) insurance, and (11) digital marketing and advertising services. We reserve the right to add or substitute designated or approved suppliers at any time, with or without notice.

You must acquire all other Operating Assets in accordance with our System Standards for suppliers, including purchasing such Operating Assets from suppliers we have approved in advance. We can modify, amend and change our System Standards, the Operations Manual or any other standards and specifications at any time, and will notify you of any such modifications. Notifications may be made by various means, including written or electronic correspondence, verbal or telephone communication, amendments or updates to the Operations Manual, bulletins and similar means of communications.

If you wish to use any item or service that we have not yet evaluated or (for items that we require you to purchase from designated or approved suppliers) if you wish to purchase or lease any such item from a supplier that we have not yet approved, you must submit a written request for approval to us. You must not purchase or lease any such item unless the supplier has been approved in writing by us. We will typically provide a response to a written request within 30 days. We are not required to approve any particular supplier. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, and standards of service. But we do not have any additional criteria for approving alternative suppliers. We may require you to pay us a fee to compensate us for the time and resources we spend in evaluating your proposed supplier, which may vary depending on our administrative expenses in evaluating the request and its complexity. We may, with or without cause, revoke our approval of any supplier or otherwise revise our supplier approval process at any time by written notification.

We do not evaluate alternative suppliers for Private Label Products or Back Bar Products.

### Shop Location and Lease

You are required to use one of our approved architects, engineering, and design vendors in developing and constructing your Shop. If we approve an exception to the requirement that you use one of our approved architects, engineering, and design vendors, you must pay us an architectural exception request fee of \$2,500.

We will give you (or if we have designated an approved supplier to develop design specifications for your Shop, we will give that approved supplier) mandatory and suggested specifications for the Premises, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. Throughout the development and construction of the Premises, we will review your plans and specifications for compliance with our design requirements. We may additionally advise you from time to time regarding the construction bidding process and other aspects of developing and constructing the Premises. You must send us any revisions of plans or specifications before such revisions are implemented. You (or your Operating Partner), and any applicable Designated Manager, must communicate with us throughout the development process, provide updates of the development process in the frequency we require, and attend all development-related meetings that we require.

If we approve an exception to the requirement that you use one of our approved signage vendors for your Shop's signage, you must pay us a signage exception request fee of \$1,500 to review the signage fabrication drawings.

You agree to develop, construct, and decorate the Premises at your own expense according to plans and specifications approved by us and in accordance with the requirements of the Lease and applicable law.

### Insurance

Throughout the term of the Franchise Agreement (including any renewal periods) you are required to maintain certain minimum amounts and types of insurance coverage as we periodically specify in the Operations Manual or otherwise in writing.

We require you to purchase all insurance policies from a designated vendor and on the terms and according to the specifications we approve, including but not limited to general liability, professional liability, cyber-liability, motor vehicle liability, property, worker's compensation, and employment practices liability policies. As of the issuance date of this disclosure document, we require the following types of insurance: (1) workers compensation with coverage that meets the minimum requirements for your state; (2) general liability/professional liability with coverage of \$1 million per occurrence and \$2 million in the aggregate with host liquor liability; (3) property with replace cost and business interruption coverage; (4) auto liability (owned) with coverage of \$100,000 in the aggregate (if you will have any vehicles licensed in the name of your business); (5) auto liability (hired/non-owned) with coverage of \$1 million in the aggregate; (6) employment practices liability with coverage of \$100,000 in the aggregate; and (7) cyber insurance with coverage of \$1 million in the aggregate. Currently, you do not have to purchase workers' compensation or auto liability (owned) through our designated vendor.

Other than employment practices coverage, the policies must be occurrence policies, and not claims-made policies. All policies must contain the minimum coverage we prescribe from time to time and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate).

The types of coverage and minimum coverage limits we specify are for our benefit and are not intended to be relied upon by you as a recommendation as to the types of coverage and coverage limits which are or might be appropriate for your particular Shop. Additional types of coverage and higher coverage limits might be appropriate based upon, for example, the location of your Shop, and we recommend that you consult with your insurance advisor regarding the appropriate types of coverage and coverage limits sufficient to protect your Shop.

Within 30 days of securing the required insurance, and annually thereafter, you must provide us or our designee with copies of your certificates of insurance, insurance policy endorsements, or other evidence that you are maintaining our required insurance coverages and paying premiums. The certificates must show the minimum limits of coverage required by us and must provide that the insurance cannot be canceled, terminated, materially amended or modified without providing us and any other additional insureds 30 days' advanced written notice. Each insurance policy for your Shop must designate as additional insured parties us and any affiliates we may periodically designate, currently DB Franchise, LLC and Wellbiz Brands, LLC. The insurance coverage must be primary and non-contributory to any coverage we may have, whether pursuant to or independent of the Franchise Agreement and must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns.

#### Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that the products and services that you obtain from our approved and designated suppliers and according to our specifications will represent 70% to 90% of all products and services you will purchase to establish your Shop, and 70% to 90% of all products and services you will purchase during operation of your Shop.

#### Revenue from Third-Party Suppliers Based on Franchisee Purchases

The third-party designated suppliers from whom we receive rebates, cash payments, discounts, or other consideration as a result of your purchase of certain equipment, supplies, products and services are listed below.

*Insurance.* In 2025, franchisees were required to purchase insurance from our designated supplier which represents various insurance carriers. We received 10% of the total commissions that this designated supplier received from the insurance carriers from whom they obtain franchisees' required insurance coverage. In the fiscal year ended December 31, 2025, we received payments of \$12,637.05 from this designated supplier.

#### Revenue Derived from Franchisee Purchases and Leases

We and our affiliates may derive revenue based on your purchases and leases, including: (i) from charging you for products and services we or our affiliates provide to you, and (ii) from payments made to us or our affiliates by suppliers that we designate or approve for our franchisees. In the fiscal year ended December 31, 2025, we or our affiliates derived revenue from required purchases by franchisees as follows:

*Technology Fees:* We received revenues of \$1,693,875 from our franchisees' use of required software programs and websites, which was 6.8% of our total revenues of \$24,857,870. You must pay us a set-up fee and a monthly fee to use the required point-of-sale and other management information software programs required to operate your Shop. The monthly fee is included in the technology fee payable to us. A portion of the monthly technology fee is remitted to the licensors of the software programs and we retain a portion of the monthly fee.

*Equipment and Products:* We received \$1,397,943 from franchisee purchases of equipment and products which were fulfilled by our affiliate WAVE, which was 5.62% of our total revenues of \$24,857,870.

We additionally received revenues of \$6,530,081 from our franchisees' purchase of Private Label Products and Back Bar Products (as further described above), which was 26.26% of our total revenues of \$24,857,870. Helen of Troy Limited in turn receives certain proceeds from the sale of these proprietary items.

Additionally, certain other vendors may contribute directly toward expenses associated with our annual franchisee conference; however, such contributions would not be part of our total revenues.

Purchasing Arrangements; Description of Purchasing Cooperatives

We may contract with manufacturers and suppliers who provide volume discounts, rebates and other cash payments based on purchases of supplies, products and other items based on purchases by franchised Shops.

We may negotiate purchase arrangements with primary suppliers for the benefit of franchisees. If we negotiate a purchase agreement for the region where your Shop is located, you must participate in the purchasing program.

Presently there are no purchasing or distribution cooperatives in existence for the Franchise System.

We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers.

None of our officers owns an interest in any of our designated or approved suppliers. Except as described above, neither we nor our affiliates are currently a designated or approved supplier of any products or services.

**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	Disclosure Document Item
a.	Site selection and acquisition/lease	2.A., 2.B., 2.C. Area Development Agreement – 2.B	5, 7, 8, 11, 12
b.	Pre-opening purchase/leases	2.B., 2.D., 2.E., 2.F., 2.H., 3.C., 4.A., 8.A., 9.A.	5, 7, 8, 11
c.	Site development and other pre-opening requirements	2.D., 2.E., 2.F., 2.H. Area Development Agreement – 2.B	5, 7, 8, 11
d.	Initial and ongoing training	2.H., 4.A., 4.B., 4.C., 4.D., 4.E., 4.F., 4.G., 4.H., 4.I., 4.J., 8.A., 8.H., 9.A., 12.C., 14.B.	6, 7, 11
e.	Opening	2.H., 9.A. Area Development Agreement – 1.B, 2.D	5, 7, 11

<b>Obligation</b>		<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
f.	Fees	2.A., 2.B., 2.C., 2.D., 3.A., 3.B., 3.C., 3.D., 3.E., 3.G., 4.A., 4.B., 4.C., 4.D., 4.E., 4.F., 4.H., 4.I., 4.J., 8.E., 8.M., 8.N., 9.A., 9.B., 9.D., 9.E., 9.F., 11.A., 12.C., 12.D., 12.F., 13.A., 14.C., 15.B., 15.E., 16.D., 17.D., 17.F., 17.M. Area Development Agreement – 1.B., 3, 6.B., 9.G.	5, 6, 7, 8, 11
g.	Compliance with standards and policies/Operating Manual	2.D., 4.A., 4.K., 5.B., 8.A., 8.B., 8.F., 8.H., 8.I., 8.L, 9.F., 10, 17.K., 19	1, 8, 11, 13, 14, 15, 16
h.	Trademarks and proprietary information	1.C., 5.A., 5.B., 5.C., 5.D., 5.E., 7.A., 8.A., 9.F., 14.B., 15.C. Area Development Agreement – 4	8, 11, 13, 14, 16
i.	Restrictions on products/services offered	2.C., 7.A., 8.A., 8.B., 8.D., 8.E., 8.K., 8.L., 8.N., 9.G.	8, 11, 16
j.	Warranty and customer service requirements	4.D., 8.A., 8.F. 8.L., 11.A.	11, 16
k.	Territorial development and sales quotas	1.C., 1.D. Area Development Agreement – 2.C., 2.D	12
l.	Ongoing product/service purchases	4.A., 4.C., 8.A., 8.B., 8.C., 8.D., 8.E., 8.J., 8.M., 8.N., 9.B., 9.D., 9.E.,	6, 8, 11
m.	Maintenance, appearance and remodeling requirements	2.E., 2.H., 4.C., 8.A., 8.B., 8.C., 8.O., 8.P., 12.C., 13.A., 13.B.	8, 11, 17
n.	Insurance	2.H., 8.I., 8.J.	6, 7, 8
o.	Advertising	5.B., 8.A., 8.C., 8.F., 8.K., 8.O., 8.P., 9.A., 9.B., 9.C., 9.D., 9.E., 9.F, 9.G., 10.B., 16.A.	6, 8, 11
p.	Indemnification	5.E., 16.D. Area Development Agreement – 8.B	6
q.	Owner's participation/management/staffing	1.A., 1.B., 2.A., 2.H., 4.A., 8.A., 8.H., 8.I., 9.A., 9.B., 12.F., 14.C. Area Development Agreement – 1.D	15
r.	Records and reports	3.G., 4.C., 6.A., 8.A., 8.F., 10, 11.A., 11.B., 12.C., 14.B., 19 Area Development Agreement – 2.E	N/A
s.	Inspections and audits	4.C., 8.B., 8.G., 11.A., 11.B.	6
t.	Transfer	12 Area Development Agreement – 6	6, 17
u.	Renewal	13.A., 13.B.	6, 17
v.	Post-termination obligations	6.A., 6.B., 15.A., 15.B., 15.C., 15.D., 15.E., 15.F., 15.G., 15.H., 15.I. Area Development Agreement – 7.B, 7.C	6, 17
w.	Non-competition covenants	7.A., 15.F., 17.B. Area Development Agreement – 5, 7.C	17

<b>Obligation</b>		<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
x.	Dispute resolution	17.F., 17.G., 17.H., 17.I., 17.J., 17.L. Area Development Agreement – 9	17
y.	Other: Licenses	2.H., 8.F., 8.I.	1, 7, 13, 14

## **ITEM 10. FINANCING**

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

## **ITEM 11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

### **Pre-Opening Obligations.**

Before you open your Shop, we or our designee will:

1. Review your proposed site for compliance with our site selection guidelines and accept or not accept the site and your proposed lease. (Sections 2.A. and 2.B. of Franchise Agreement);
2. If you have signed an Area Development Agreement, we will review sites you propose for a Shop and, if approved, issue you a Franchise Agreement. We are obligated to use reasonable efforts to provide you with our decision within 30 days of our receipt of all requested information and materials regarding the proposed site. (Section 2.B. of Area Development Agreement);
3. Give you mandatory and suggested specifications for the development of your Shop, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. (Section 2.D. of Franchise Agreement);
4. Provide you access to our Operations Manual. (Section 4.K. of the Franchise Agreement);
5. Provide the Training Program and Pre-Opening Training to you (or your “Operating Partner,” if you operate as a legal business entity and as such term is defined in Item 15) and your Designated Manager (as defined in Item 15), if any. (Section 4.A. and 4.G of Franchise Agreement); and
6. Provide you with a list of Operating Assets. (Section 2.E. of Franchise Agreement).

### **Post-Opening Obligations**

During the operation of your Shop, we or our designee:

1. May provide general guidance to you from time to time regarding your Shop’s operation, as we deem appropriate, based on your reports or our inspections. (Section 4.I. of Franchise Agreement); and

2. Will administer the Brand Marketing Fund and, at your request, provide an annual unaudited statement of contributions and disbursements for the Brand Marketing Fund within 120 days after the end of the previous fiscal year. (Section 9.D. of Franchise Agreement).

During the operation of your Shop, we may, but are not obligated to, provide assistance in setting a maximum or minimum price that you may advertise for products and services offered by your Shop. (Section 8.K. of Franchise Agreement)

### **Site Selection and Construction**

You must identify and secure a site for your Shop's Premises within a non-exclusive Search Territory (as defined in Item 12) specified in your Franchise Agreement. We do not typically own the Premises for your Shop or lease it to you. If you have signed an Area Development Agreement, you must find all sites for your Shops in your Development Area, and our then-current site criteria will apply when considering each proposed site in your Development Area. Once you identify a proposed site, you must submit to us a complete report containing the documents and information we require, including a description of the site, and a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site. Our review and approval is conditioned on a variety of factors, including the site's demographics, location, and proximity to other businesses, the character of the neighborhood, the size and appearance of the premises to be leased, and other characteristics and criteria that may change. We will use reasonable efforts to accept or not accept the proposed site within 30 days after receiving your report. You must obtain our acceptance of the proposed site within 120 days of the effective date of the Franchise Agreement. If you are signing a Franchise Agreement under an Area Development Agreement and it is your second or subsequent Shop, then you will not sign the Franchise Agreement until you have obtained our acceptance of the proposed site.

Before signing any lease, sublease, or other document for the Premises (the "Lease"), you must obtain our written approval. The Lease must contain certain provisions we require, pursuant to the form of Lease Rider attached as Exhibit F to the Franchise Agreement. It is your sole responsibility to obtain a fully executed Lease Rider when executing your Lease. You must submit to us a copy of the executed Lease and the Lease Rider within 180 days of the effective date of the Franchise Agreement (or if your Franchise Agreement is signed under an Area Development Agreement, at least 6 months before the Shop must be open).

You must develop, construct and decorate the Premises at your own expense according to plans and specifications approved by us and in accordance with the requirements of the Lease and applicable law.

It is your responsibility to ensure all required construction plans and specifications comply with the Americans with Disabilities Act ("ADA") and all other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions, and that the Premises complies with such laws and regulations.

We will give you (or if we have designated an approved supplier to develop design specification for your Shop, we will give that approved supplier) mandatory and suggested specifications for the development of your Shop, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. Throughout the development and construction of the Premises, we will review your plans and specifications for compliance with our design requirements. We may additionally advise you from time to time regarding the construction bidding process and other aspects

of developing and constructing the Premises. You must send us any revisions of plans or specifications before such revisions are implemented. You must obtain and install the Operating Assets that we approve or designate for Shops only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates).

### **Opening Your Shop**

You may not open your Shop for business without our written authorization, which will be conditioned upon the following: (i) we notify you in writing that your Shop meets our standards and specifications; (ii) you (or your Operating Partner) and any manager or assistant manager we require have satisfactorily completed the Training Program (as defined below); (iii) you satisfactorily complete the Pre-Opening Activities (described below); (iv) you have paid us all initial fees and other amounts you owe us; (v) you have provided us certificates for all required insurance policies; (vi) you obtain all required supplies and opening inventory for your Shop; (vii) you have obtained waivers of all construction liens and similar encumbrances; (viii) you hire the equivalent of at least 10 full-time hair stylists and a Shop Educator (as defined below); (ix) you submit a completed trade area survey and a proposed advertising and marketing plan for approval (as further described below); (x) you meet all regulatory and licensing requirements to operate your Shop; and (xi) you are otherwise in compliance with the terms of your Franchise Agreement.

Prior to opening your Shop, we may send a training team (which may be comprised of only one person) for up to a maximum of five days (which may not be consecutive) to your Shop to assist you with training your employees to ensure compliance with our System Standards, as we determine.

We may additionally send an operations team (which may be comprised of only one person) for a minimum of three days and up to a maximum of six days (which may not be consecutive) to your Shop to assist you with final suggestions on your Shop and provide on-site advice, guidance, and initial operations support, as we determine.

As described below, if you are acquiring an existing Shop, we will instead provide certain virtual advice, guidance, and initial operations support.

We estimate that it will be approximately 12 to 18 months from the time you sign the Franchise Agreement to the time your Shop begins operations. This time period may be shorter or longer depending on the modifications that must be made to the site to accommodate your Shop and other factors, such as delays or difficulties in obtaining financing, building permits, zoning and local ordinances, weather conditions, shortages of materials or delayed installation of equipment, fixtures or signs. You must open your Shop within 12 months after signing the Franchise Agreement, but we may provide up to 18 months after signing the Franchise Agreement to open the Shop in certain regions where the average time to secure a suitable site is longer. If you fail to open the Shop by the deadline, we may terminate the Franchise Agreement. If you sign a Franchise Agreement under an Area Development Agreement, you must open your Shop by the deadline described in the Development Schedule or we may terminate the Franchise Agreement.

### **Advertising and Marketing**

**Grand Opening Spend Requirement, Pre-Opening Activities, and Re-Opening Activities.** No later than 10 days after the date that you sign an approved Lease for your Premises (or 10 days after the date you take possession of an existing Shop), you must pay either us (by ACH) or a designated third-party vendor (via

their preferred payment method), as we direct, a Grand Opening Spend Requirement of \$20,000. We will determine the allocation of the Grand Opening Spend Requirement and advise you as to whom to make payment. The Grand Opening Spend Requirement is in addition to your Local Marketing Spend Requirement. We and/or the third party vendor will use the Grand Opening Spend Requirement to advertise, market, and promote your Shop using any suppliers we may designate in accordance with a marketing and recruiting plan that we determine, which may include pre-opening membership sales, recruitment of service providers, and related local promotional campaigns.

Notwithstanding your payment of the Grand Opening Spend Requirement, you and your Designated Manager (as applicable) are required to satisfactorily complete the following marketing and promotional activities prior to your Shop's Opening Date (the "Pre-Opening Activities"), or alternatively, after you take possession of an existing Shop (the "Re-Opening Activities," as applicable):

- (1) Participate in no fewer than 10 approved advertising, marketing and promotional events within an area reasonably surrounding your Shop prior to the Shop's Opening Date, or alternatively, a mutually determined number of such events with respect to Re-Opening Activities;
- (2) Actively cooperate with us and any of our designated suppliers in selling Memberships and scheduling services to be performed at the Shop in accordance with approved marketing and promotional offers for Pre-Opening Activities and Re-Opening Activities. As part of the Pre-Opening Activities, the parties will mutually identify Membership sales targets which you must achieve before your Shop will be permitted to open. With respect to Re-Opening Activities, the parties may mutually identify an alternative date for such targets to be achieved;
- (3) Complete the Sales Training Series described below;
- (4) Attend all on-site training programs required by us, including but not limited to the training programs described below; and
- (5) Participate in all calls or meetings we specify concerning the Pre-Opening Activities and Re-Opening Activities (as applicable).

Local Marketing Spend Requirement. You must pay us, or a third-party vendor we designate, a minimum Local Advertising Fee each month, which is currently \$2,000 per month. We or a designated third-party vendor will use the Local Advertising Fee toward paid digital advertising programs (and any evolutions or "next generations" thereof) for your Shop within an area reasonably surrounding your Shop, which may include but not be limited to social media advertising and search engine marketing. We may periodically increase or otherwise modify the amount of your Local Advertising Fee or its accompanying digital advertising programs and resources upon 30 days' written notice to you. We currently collect the Local Advertising Fee by ACH on the 15th day of each month for the preceding month. We may change the day of the month on which we collect the Local Advertising Fee. If we designate a third-party vendor to administer the paid digital advertising programs described above, you may be required to sign a participation agreement or similar document with such third-party vendor which will include payment terms regarding the Local Advertising Fee.

In addition, you must spend a minimum of 2% of your Shop's Gross Receipts each month toward approved advertising, marketing and promotional programs for your Shop within an area reasonably surrounding your Shop (the "Local Spend Amount"). We may periodically increase the amount of your Local Spend Amount upon 30 days' written notice to you. We refer to the Local Advertising Fee and your Local Spend Amount together as the "Local Marketing Spend Requirement." Your Local Marketing Spend Requirement excludes any contributions you make to the Brand Marketing Fund (as defined below), but any contributions you make to a Marketing Cooperative (as defined below) will count toward your Local Spend Amount. Your required Marketing Cooperative contributions could, by themselves, exceed the Local Spend Amount.

For at least six months after your Shop opens, or after you take possession of an existing Shop, you must participate in a minimum of one approved advertising, marketing and promotional event per month within an area reasonably surrounding your Shop.

We or our affiliates may be a supplier of local advertising, marketing and promotional programs for your Shop.

You must submit to us, within 10 days following our request, an advertising and marketing plan for approval which describes your plan for the first three months after opening your Shop or purchasing an existing Shop. In addition, during the term of your Franchise Agreement, you must prepare and execute an advertising and marketing plan that you must provide to us within 30 days of our request. You must also provide to us within 30 days of our request reasonable and obtainable information about the results achieved from implementing your advertising and marketing plan and meeting your Local Marketing Spend Requirement. Lastly, you must participate in all calls or meetings we specify concerning your Local Marketing Spend Requirement, including but not limited to any calls or meetings specified by us during the first 90 days following your Shop's opening date or after you take possession of an existing Shop.

Advertising Standards. Your advertising, promotion, and marketing must be completely clear, factual, and not misleading. You must conform to the highest standards of ethical advertising, our System Standards, and any advertising and marketing policies that we prescribe from time to time in advertising and promoting your Shop. You may not use any advertising, promotional, or marketing materials that we have not approved or which we have previously disapproved. If you wish to use any advertising, promotional, or marketing materials that we have not previously approved, you must send us samples of all materials at least 14 days before you intend to use them. If we do not approve of the materials within seven days of our receipt of such materials, then they shall automatically be deemed disapproved. You must participate in and market any promotion we require. You may not prepare any translation or transliteration of any promotional materials that we have provided to you, and you may not make any changes to any depiction or use of any Marks in or on such promotional materials (other than minor changes to the size or placement or the like that are otherwise consistent with our standards and specifications related to advertising, marketing, and trademark use).

Additional Marketing Programs. You must at all times cooperate with us and other franchisees of ours and must actively participate in any and all sales, public relations, advertising, cooperative advertising and purchasing programs or promotional programs (including, without limitation, product give-away promotions and cross-brand promotional programs with our affiliated brands) which may be developed or implemented by us. Participation may include, without limitation, purchasing (at your expense) and using: (a) point of sale materials, (b) counter cards, displays, and give-away items promoting loyalty programs,

prize promotions, and other marketing campaigns and programs, and (c) equipment necessary to administer loyalty programs and to prepare and print customized purchase receipts, coupons, and similar items.

Subject to applicable law and as further described in Item 16, we may periodically set a maximum or minimum price that you may advertise for products and services offered by your Shop.

Brand Marketing Fund. We have established an advertising and marketing fund (the “Brand Marketing Fund”) for the marketing, recruiting, advertising, and promotional programs and materials we deem appropriate. You must make periodic contributions to the Brand Marketing Fund equal to 2% of the Gross Receipts of your Shop. We may increase the amount you are required to contribute to the Brand Marketing Fund upon 30 days’ written notice, but you will not be required to contribute more than 4% of the Gross Receipts of your Shop. As of the issuance date of this Disclosure Document, other franchisees may be contributing to the Brand Marketing Fund on different terms. If we or our affiliates own any Shops, those Shops make contributions to the Brand Marketing Fund on the same basis as you and our other franchisees. Your required contributions to the Brand Marketing Fund shall be payable at the same time as the payment of the Royalty, based on Gross Receipts for the immediately preceding reporting period and are in addition to amounts you are required to spend for your Local Marketing Spend Requirement. We have the right to collect for deposit into the Brand Marketing Fund any advertising, marketing, or similar allowances paid to us by suppliers to the Franchise System who instruct us to use the allowances for advertising or marketing purposes. We may incorporate the Brand Marketing Fund or operate it through a separate entity as we deem appropriate. We have no fiduciary obligations to you in connection with our administration of the Brand Marketing Fund. We do not use any of the funds contributed to the Brand Marketing Fund principally to solicit new franchise sales.

We designate all programs to be financed by the Brand Marketing Fund and have sole control over the creative concepts, materials, and endorsements prepared and used and their geographic, market, and media placement and allocation. The Brand Marketing Fund may be used for any purpose to promote the Franchise System, the Marks, the patronage of Shops and the Drybar brand, including the costs of: (1) preparing and producing video, audio, and written materials (including marketing and promotional materials and local shop marketing advertisements we prepare) and electronic media; (2) administering national, regional, multi-regional, international, and local marketing, recruiting, advertising, and promotional programs, including purchasing space in print publications, direct mail, radio and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; (3) supporting public relations, market research, and other marketing, recruiting, advertising, and promotional activities; (4) developing and maintaining website(s) for the Franchise System; (5) administering online marketing, recruiting, advertising, and promotional campaigns (including search engine, social media, email, and display ad campaigns); and (6) developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or “next generations” of any such devices.

We determine the use of the funds contributed to the Brand Marketing Fund, including allocating a portion of any Brand Marketing Fund contributions to any national, regional, multi-regional, international, or local marketing, recruiting, advertising, and promotional programs we may establish in the future. We are not required to spend any particular amount on marketing, recruiting, advertising or promotion in the area in which your Shop will be located. In addition, we are not required to ensure that Brand Marketing Fund expenditures for or affecting any geographic area be proportionate or equivalent to Brand Marketing Fund contributions by Shops operating in that area, or that any Shop benefits from the development or placement

of marketing, recruiting, advertising, or promotional materials directly or in proportion to its Brand Marketing Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Brand Marketing Fund. Except as specifically provided in your Franchise Agreement, we assume no other direct or indirect liability or obligation to you for collecting amounts due, or maintaining, directing, or administering the Brand Marketing Fund.

The Brand Marketing Fund is accounted for separately from our other funds and we do not use the Brand Marketing Fund for any of our general operating expenses, except to compensate us for the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the Brand Marketing Fund and its programs, including conducting market research, preparing marketing, recruiting, advertising, and promotional materials, and collecting and accounting for Brand Marketing Fund contributions. The Brand Marketing Fund may spend in any fiscal year more or less than the total Brand Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If we terminate the Brand Marketing Fund, we will spend all unspent amounts on marketing activities specified by the Franchise Agreement.

We are not required to audit the Brand Marketing Fund, but we will prepare an annual unaudited statement of monies collected and costs incurred by the Brand Marketing Fund and furnish the previous fiscal year's statement to you upon written request, within 120 days after the end of our previous fiscal year.

In the fiscal year ended December 31, 2025, contributions to the Brand Marketing Fund were spent as follows: 61.6% for production; 13.5% for media placement; and 24.9% for administrative expenses.

Marketing Cooperatives. We may, but are not obligated, to designate any geographic area in which three or more Shops are located as an area in which to establish a marketing cooperative ("Marketing Cooperative"). The Marketing Cooperative's members will include all Shops operating in the geographic area, including us and our affiliates, if applicable. We may also require that you join an existing Marketing Cooperative operating in a geographic area encompassing or near your Shop. We may collect Marketing Cooperative fees and transfer those fees to the Marketing Cooperative, or the Marketing Cooperative may collect the fees directly, as we determine. We may designate, approve or develop standards and specifications for Marketing Cooperative suppliers. We will determine how any Marketing Cooperative is organized and governed, but the Marketing Cooperative's members are responsible for its administration and determination of contribution levels. All Marketing Cooperative members will contribute at the rate that the Marketing Cooperative determines, including any Shops we or our affiliates own or operate that are members of the Marketing Cooperative. All Marketing Cooperatives will be governed by written documentation we designate or approve and such documentation is available for Marketing Cooperative member review. The Marketing Cooperative will be required to prepare annual financial statements that will be available to Marketing Cooperative members. We may form, modify, change, dissolve, or merge Marketing Cooperatives. We will not use funds contributed to a Marketing Cooperative to solicit new franchise sales.

As of the issuance date of this Disclosure Document, there are zero Marketing Cooperatives in existence.

Franchise System Website. We may establish, acquire, or host any website(s) for recruitment purposes or to advertise, market, and promote Shops, the products and services that they offer and sell, and/or a Shop franchise opportunity (a "Franchise System Website"). We may (but are not required to) provide you with a webpage on a Franchise System Website that references your Shop. If we provide you with a webpage on

a Franchise System Website, you must: (1) provide us the information and materials we request to develop, update, and modify your webpage; (2) notify us whenever any information on your webpage is not accurate; and (3) obtain our prior approval for any proposed changes to the content or coding of your webpage (if we choose to grant you any abilities to modify your webpage). We will own all intellectual property and other rights in all Franchise System Websites, including your webpage and all information it contains (including the domain name, any associated email address, any website analytical data, and any personal or business data that visitors supply). If we provide you with a webpage on a Franchise System Website, we reserve the right to charge you a fee for such webpage as part of the Technology Fee. We periodically may update and modify any Franchise System Website (including your webpage).

Even if we provide you a webpage on a Franchise System Website, we will only maintain this webpage while you are in full compliance with your Franchise Agreement and all System Standards we implement (including those relating to Franchise System Websites). If you are in default of any obligation under your Franchise Agreement or our System Standards, then we may temporarily remove your webpage from any Franchise System Website (or all Franchise System Websites) until you fully cure the default. We will permanently remove your webpage from all Franchise System Websites upon the Franchise Agreement's expiration or termination.

We reserve the right to require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current terms and conditions, which may include additional monthly fees.

Except as provided above, or as approved by us in writing or in the Operations Manual, you may not develop, maintain or authorize any Online Presence (as defined in Item 13) that mentions your Shop, links to any Franchise System Website or displays any of the Marks, or engage in any promotional or similar activities, whether directly or indirectly, through any Online Presence. If we approve the use of any such Online Presence in the operation of your Shop, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on other third-party websites. We may require you to delete any content from any Online Presence that we deem likely to substantively and adversely impact the substance or protectability of the Marks or any other intellectual property contemplated in the Franchise Agreement or the goodwill, prestige, reputation, or value of Marks or such intellectual property, and if such content cannot be deleted, you will cooperate with us to actively, diligently, and meaningfully mitigate the impact of such content on the Marks or other intellectual property. We will own the rights to each such Online Presence. At our request, you agree to grant us access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence.

Franchisee Advertising Councils. We may, in our discretion, elect to form an advertising council for the benefit of the Franchise System. As of the date of this Disclosure Document, there is no advertising council in effect for the Franchise System.

### **Computer System**

You agree to purchase and use the computer hardware, sales and scheduling software, point-of-sale system, other operating software, applications, platforms and existing or future technology components we specify from time to time (the "Computer System"). We may replace or modify all or components of the Computer

System from time to time and you agree to implement our replacements or modifications after you receive notice from us at your expense. We might periodically require you to purchase, lease, and/or license new or modified components of the Computer System and to obtain service and support for the Computer System. You must obtain and install the Computer System, and ensure that the Computer System is functioning properly, before your Shop opens. During your Franchise Agreement's term, you must pay for any proprietary software, applications or other technology that we, our affiliates or third-party designees license to you and for other maintenance and support services that we, our affiliates or third-party designees provide. Neither we, nor our affiliates or any third-party are obligated to provide you with ongoing maintenance, repairs, upgrades, or updates to the Computer System, although we, our affiliates or third-parties may occasionally provide such services. You may be required to sign a license agreement or similar document as a condition of licensing certain proprietary software, applications, or other technology that we or our affiliates designate, develop or maintain and these license agreements may further regulate your use of such software, applications or other technology while establishing each parties' rights and responsibilities.

The Computer System must give us and our affiliates access to all information generated by the Computer System, including pricing and client information for your Shop. At our request, you agree to sign a release with any vendor of your Computer System providing us with unlimited access to your data. You are solely responsible for acquiring, operating, maintaining and upgrading: (1) the Computer System; (2) the connectivity of your Computer System (including the point-of-sale system); and (3) third-party interfaces between the Computer System and our and any third party's computer system. You are solely responsible for any and all consequences if the Computer System is not properly operated, maintained, and upgraded. You also are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures or attacks.

We cannot estimate the future costs of the Computer System (or replacements or modifications) and the cost to you of obtaining the Computer System (including software licenses) or replacements or modification may not be fully amortizable over the remaining term of your Franchise Agreement. Nonetheless, you must incur such costs.

The minimum computer hardware requirements are specified in the Operations Manual or otherwise in writing by us. We typically require you to have several computer workstations and tablets which are capable of operating the point-of-sale system and other software we specify. We also require you to have certain peripherals, such as printers and scanners. We estimate that the cost to purchase the minimum Computer System from our designated vendors will be approximately \$22,000 to \$35,000.

We will require you to install and maintain a hardware and software firewall device on your Computer System that follows closely to the Payment Card Industry (PCI) DSS merchant requirements as stated on <http://www.pcisecuritystandards.org>.

We additionally require you to use the designated software programs described in the Operations Manual or otherwise in writing by us. Additionally, before you open your Shop, you must pay us a \$499 set-up fee to configure the required software programs and a \$75 fee for gift card program set-up. You must also pay us a monthly Technology Fee (currently, \$775 per month) starting two months prior to the opening of your Shop. (See Item 6).

## **Operations Manual**

After you sign the Franchise Agreement, we will provide you with electronic access to our manual for the operation of Shops, which may include one or more separate manuals, as well as information available on an internet site, other electronic media, bulletins and/or other written materials (collectively, the “Operations Manual” or sometimes referred to as the “Franchise Resource Manual”). The Operations Manual contains the System Standards, other specifications, standards and procedures that we suggest, and information on your other obligations under your Franchise Agreement. We may modify the Operations Manual at any time. We may post some or all of the Operations Manual on a restricted website or extranet to which you will have access. If we do so, you will monitor and access the website or extranet for any updates to the Operations Manual.

We consider the contents of the Operations Manual to be proprietary, and you must treat them as confidential. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual and you may not disclose the Operations Manual to any person other than any employee of yours who needs to know its contents. You must keep your copy of the Operations Manual current and in a secure location at your Shop.

A copy of the table of contents of the Operations Manual is attached as Exhibit I to this Disclosure Document. The Operations Manual consists of approximately 345 pages total across its operational and training modules.

## **Training**

Training Program. Before you open your Shop (or before you take possession of an existing Shop), you (or your Operating Partner) and your Designated Manager must attend and satisfactorily complete our initial training program (the “Training Program”). You (or your Operating Partner) and your Designated Manager may attend the Training Program without charge. We reserve the right to later require Designated Managers to complete the manager training program described below instead of completing the Training Program.

Training Program participants must complete the Training Program to our satisfaction no later than 10 weeks before the Opening Date. If you are acquiring an existing Shop, you must satisfactorily complete the first available Training Program offered by us after you sign your Franchise Agreement, but this requirement will not apply if you (or your Operating Partner) currently own and operate another Shop and previously completed the Training Program within the past five years.

You may invite additional employees to attend the Training Program if space allows, though we reserve the right to charge you our then-current training fee for each additional individual (currently, \$500 per attendee, plus costs). We reserve the right to limit the number of additional attendees for the Training Program. We reserve the right to require any other personnel from your Shop to attend the Training Program. We will provide the Training Program at the times and locations we determine. We reserve the right to vary the Training Program based on the experience and skill level of the individual(s) attending.

You may also request that we provide any portion of the Training Program on-site at your Shop, and we will determine whether to provide such portion of the Training Program on-site. If we provide any portion of the Training Program on-site at your Shop, we reserve the right to charge our then-current training fee (including our trainers’ travel and living expenses as further described below).

If we provide any portion of the Training Program more than one time, we may charge you our then-current training fee for any training that we have previously provided to at least one trainee associated with you. We may also elect not to provide any portion of the Training Program more than once.

If you (or your Operating Partner), your Designated Manager (if applicable), or any other personnel required by us, fail to satisfactorily complete the Training Program, then we reserve the right to require such individual to attend remedial training and you may be required to pay us our then-current training fee for such remedial training (currently, \$500 per attendee, plus costs). Remedial training will be provided at a time and location of our choice. If you (or your Operating Partner), or any manager and/or assistant manager required by us (including any applicable Designated Manager), are unable to satisfactorily complete the remedial training, we reserve the right to terminate your Franchise Agreement.

If you appoint a new Operating Partner or Designated Manager, he or she may be required to attend our then-current Training Program within 90 days of the appointment date and you may be required to pay us our then-current training fee (currently, \$500 per attendee, plus costs), unless we determine that you are sufficiently trained to provide a comparable substitute training program to such new Operating Partner or Designated Manager. If we permit you to train any Operating Partner or Designated Manager yourself, you must provide such training according to our then-current standards and specifications, and we must determine that such Operating Partner or Designated Manager has been trained to our satisfaction prior to providing any services at your Shop. If we determine that any Operating Partner or Designated Manager that you trained is not sufficiently trained to provide services at your Shop, we may require such person attend our Training Program and you may be required to pay us our then-current training program fee. If we determine that you are (or your Operating Partner is) sufficiently trained to provide a comparable substitute training program to any Designated Manager, we may elect not to make the Training Program available to such person until the next time our Training Program would otherwise be offered.

We expect to provide the Training Program both virtually and at a certified Franchisee Training Shop, or another location that we designate, such as our Support Center in Colorado.

You may be required to complete the Training Program, in whole or in part, and receive styling services at another Drybar<sup>®</sup> Shop.

The materials used in the Training Program include the Operations Manual as well as other presentation materials, including PowerPoint presentations.

Staci Reed, who is our Senior Manager of Operations - New Shop Openings, leads our Training Program. Ms. Reed has more than 22 years of experience in the subjects taught and more than four years of experience with us or our affiliates. There may be other individuals who assist in or facilitate the Training Program, all of whom have one or more years of experience with us or our affiliates.

The following is a summary of our Training Program:

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom/Home Study Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
<b>Home Study / Virtual</b>			
Program Introduction and Brand Basics	8.75	0	Home Study / Virtual
Understanding Key Business Drivers	0.5	0	Home Study / Virtual
Introduction to Recruiting	3.0	0	Home Study / Virtual
Driving Membership	0.5	0	Home Study / Virtual
Team Retention / Culture	0.5	0	Home Study / Virtual
Operational Best Practices	1.25	0	Home Study / Virtual
Member Retention	0.5	0	Home Study / Virtual
Hosting Team Meetings	0.5	0	Home Study / Virtual
Time Management to Drive Results	0.5	0	Home Study / Virtual
<b>Virtually-Facilitated Training Sessions</b>			
Introduction	1.25	0	Virtual, Colorado Support Center, or Another Location We Designate
Recruiting	3.0	0	Virtual, Colorado Support Center, or Another Location We Designate
Onboarding	2.0	0	Virtual, Colorado Support Center, or Another Location We Designate
Marketing: Pre-Opening	1.25	0	Virtual, Colorado Support Center, or Another Location We Designate
Marketing: Local Shop Marketing	1.25	0	Virtual, Colorado Support Center, or Another Location We Designate
Driving Membership	2.0	0	Virtual, Colorado Support Center, or Another Location We Designate
Key Performance Indicators / Benchmarking	1.0	0	Virtual, Colorado Support Center, or Another Location We Designate
Strategic Scheduling	1.0	0	Virtual, Colorado Support Center, or Another Location We Designate
Culture	2.0	0	Virtual, Colorado Support Center, or Another Location We Designate
Immersion Prep	0.75	0	Virtual, Colorado Support Center, or Another Location We Designate
Point of Sale	2.5	0	Virtual, Colorado Support Center, or Another Location We Designate

Subject	Hours of Classroom/Home Study Training	Hours of On-The-Job Training	Location
<b>In-Shop Immersion</b>			
In-Shop Immersion, inclusive of: <ul style="list-style-type: none"> <li>• Receiving a service</li> <li>• Observing and Working at the Front Desk</li> <li>• Checking In &amp; Out</li> <li>• Service Path Implementation</li> <li>• Service Recovery</li> <li>• Lead Management Practices</li> <li>• Inventory Management Practices</li> <li>• Maintenance, Cleaning, Sanitation</li> </ul>	0.0	20.0	A Location We Designate
<b>Total Hours</b>	<b>34.0</b>	<b>20.0</b>	

Shop Educator Program. You must hire, and at all times maintain, a “Shop Educator” at your Shop who has completed our Shop Educator training program (the “Shop Educator Program”). You must hire a Shop Educator no later than eight weeks prior to opening your Shop and your anticipated Shop Educator must complete the Shop Educator Program no later than four weeks prior to opening your Shop. The Shop Educator that you hire will be trained on Drybar® techniques, product and tool utilization, and the brand’s philosophy on training techniques for the hair stylists that you hire for your Shop.

The Shop Educator Program typically takes between 40 and 80 hours to complete, primarily depending on your anticipated Shop Educator’s level of prior experience and familiarity with the Drybar® system. We reserve the right to vary the Shop Educator Program based on the experience and skill level of the individual(s) attending.

We reserve the right to charge our then-current training fee for the Shop Educator Program (currently, \$500 per day per attendee, plus costs); however, we do not charge a training fee for your initial Shop Educator. We will provide the Shop Educator Program at the times and locations we determine, which may include providing the Shop Educator Program virtually. We may periodically modify our requirements for attending the Shop Educator Program and our System Standards related to the Shop Educator role within the Franchise System.

If you replace or otherwise appoint a new Shop Educator, you must notify us and your anticipated new Shop Educator will be required to attend the first available Shop Educator Program offered by us following their appointment date and you may be required to pay us our then-current training fee for the Shop Educator Program.

Stylist Skills Training. Each of your stylists must comply with our new and continuing education requirements, as they may be revised from time to time. Before a stylist is “floor ready”, they must complete (on average) 15 to 25 hours of training with your Shop Educator. They will be required to pass the technical training assessment and other criteria concerning brand standards prior to being floor approved. Your Shop Educator must conduct training that will cover all the stylist basics, including brand history and values, product knowledge, customer experience standards, and the technical skills to execute all styles in our then current menu.

We recommend that you identify an off-site training facility for use before your Shop opens. We anticipate that you will be able to work with your landlords to access free training space within the center. This training should take place approximately two to three weeks before your opening and continuing until your contractor has turned over your Shop. Additional training must take place in the Shop once it is handed over, starting no later than five days prior to scheduled opening. If the handover date is pushed back to less than five days prior to opening, the store opening date may be moved to accommodate in-Shop training. You are responsible for all costs and expenses of the pre-opening training of your stylists and in complying with our continuing education requirements including tuition and registration costs, and salary, travel, lodging, and dining costs for all of your employees who participate in the training. We reserve the right to later revise or otherwise remove these off-site training expectations.

Bartender Training. Front desk staff are referred to as “Bartenders.” Bartenders should generally be trained one to two weeks prior to opening. Bartenders typically attend four days of training for approximately six to eight hours each day. The bartender must be available to attend the full four days of training prior to the Shop opening. Once the Bartender has successfully completed the training, you should schedule them for in-shop training. We generally recommend that the in-shop training be two to three additional days (generally six hours a day) during your Friends & Family soft opening. Bartender training is generally expected to be facilitated by you (or your Operating Partner) at a predetermined location/facility with Wi-Fi access. You must have one laptop for training so that participants can complete electronic training courses and practice accessing your Shop’s scheduling and point-of-sale system.

Sales Training Series. You, your Designated Manager (as applicable), and your Bartenders will be required to participate in a sales training series comprised of four calls, each expected to take an hour, conducted virtually prior to and following your Shop’s opening date or after you take possession of an existing Shop (the “Sales Training Series”). We will provide the Sales Training Series at the times and locations we determine. We reserve the right to vary the Sales Training Series based on the experience and skill level of the individual(s) attending and whether you are instead acquiring an existing Shop.

Personnel Training. Except as otherwise set forth herein, you are responsible for providing a training program concerning the operation of your Shop in accordance with our System Standards for all your employees other than the attendees of the Training Program and Shop Educator Program. All employees must pass the program, to your satisfaction, prior to providing services at your Shop. We reserve the right to approve the length and content of all training programs you provide to your employees and to require specific mandatory training programs for certain job positions to ensure compliance with our System

Standards, including but not limited to mandatory training programs for your hair stylists, front desk personnel (including Bartenders), and managers (including any Designated Manager).

We may periodically modify our System Standards related to Shop positions within the Franchise System.

On-Site Opening Assistance for New Shops. Prior to opening your Shop, we will send a training team we determine (which may be comprised of only one person) for up to four days (which may not be consecutive) to your Shop to assist you with training your employees to ensure compliance with our System Standards (the “Pre-Opening Training”). You (or your Operating Partner), any applicable Designated Manager, your Shop Educator (together, the “Shop Management Team”), and all staff members must attend the Pre-Opening Training. The Shop Management Team will be responsible for facilitating the Pre-Opening Training, with assistance provided by our training team. The Pre-Opening Training must be completed prior to opening the Shop.

We may additionally send an operations team we determine (which may be comprised of only one person) for up to four days (which may not be consecutive) to your Shop to assist you with final suggestions on your Shop and provide on-site advice, guidance, and initial operations support.

If any required individual fails to attend or complete the Pre-Opening Training to our satisfaction, we may delay your Shop’s opening until such training is completed and require you to pay our then-current training fee (including our trainers’ travel and living expenses) for any additional, repeat, or remedial training. You are solely responsible for all losses, costs, or damages resulting from any delay in your Opening Date due to failure to complete the Pre-Opening Training. If any member of the Shop Management Team is unable to attend or satisfactorily complete the Pre-Opening Training, we reserve the right to terminate the Franchise Agreement.

Annual Conferences & Regional Meetings; Other Training Courses, Program, and Events. You (or your Operating Partner) and any applicable Designated Manager are required to attend any scheduled annual franchise owner conferences. You will be required to pay our then-current registration fee (currently, between \$599 to \$699 per attendee, plus costs), for each attendee no later than 60 days prior to the scheduled annual conference. If you do not timely pay the then-current registration fee for each attendee, and unless you obtain a written attendance waiver from us, we reserve the right to collect via ACH the then-current registration fee for at least one attendee on behalf of your Shop. If you do not attend, we may additionally charge you a default fee (see Item 6) for failing to attend.

We may additionally require you (or your Operating Partner) to attend regional meetings for franchise owners. These annual conferences and regional meetings will be held when we determine at locations we designate.

We may require you and/or certain other employees of your Shop (including any applicable Designated Manager) to attend or otherwise complete various in-person or electronic training courses, trade shows, ongoing education or certification programs, franchisor-sponsored performance groups, and/or webinars at the times and locations designated by us, including courses and programs provided by third parties we designate. You may be required to pay fees to third-parties or pay us our then-current training fee for such courses and programs.

Manager Training Program. Before or after you open your Shop for business, we may offer you (or your Operating Partner) and any applicable Designated Manager, based on the factors that we determine, the

opportunity to attend a manager training program. If we offer such training and you elect to attend such training, you may be required to pay us our then-current training fee (currently, \$500 per day per attendee, plus costs).

We do not currently require attendance and completion of this manager training program, but we may do so in the future.

On-Site Assistance for Existing Shops Following Transfer. If you are acquiring an existing Shop, we will provide certain virtual advice, guidance, and initial operations support.

We may, but are not obligated to, send a training team we determine (which may be comprised of only one person) to your Shop for up to three days (which may not be consecutive) based on factors we determine. If we choose to provide such a training team, you may be required to temporarily close the Shop to facilitate such on-site training.

If we do not choose to provide such a training team or if you would like additional on-site support, you may request such additional or special support for our then-current training fee as further described below.

General Guidance; Additional or Special Training. We may periodically advise you regarding your Shop's operation based on your reports or our inspections. We may guide you, in the form of our Operations Manual, with respect to: (1) standards, specifications, and operating procedures and methods that Shops use, including, facility appearance, client-service procedures, and quality control; (2) equipment and facility maintenance; (3) inventory management and working with suppliers; (4) advertising, marketing and branding strategies; and (5) administrative, accounting, reporting and record retention. We may also provide guidance virtually or via telephonic conversations and/or consultation at our offices and we may require you to participate in certain calls or meetings we specify.

If you request, and we agree to provide, additional or special guidance, assistance, or training, we may charge you our then-current training fee (currently, \$500 per day per attendee or trainer, depending on the training to be provided), including our travel and living expenses. We reserve the right to periodically visit the Premises and evaluate your Shop, including on an unannounced basis.

Travel and Living Expenses. You must pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you (or your Operating Partner) or any employee or manager (including any applicable Designated Manager) incurs during any and all meetings and/or training courses and programs. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to your Shop to conduct training, including food, lodging and transportation.

## **ITEM 12. TERRITORY**

### **Franchise Agreement**

You must select the site for your Shop from within the non-exclusive "Search Territory" identified in Exhibit B to your Franchise Agreement. The Search Territory will be agreed upon by you and us before your execution of the Franchise Agreement and may range from a portion of a city or an unincorporated area to a single or multi-county area. You have no rights in the Search Territory other than the right to identify a

proposed site for your Shop. If you request to amend the Search Territory set forth in your Franchise Agreement, and we agree to such change, we reserve the right to charge you an administrative fee of \$1,000 concurrently with executing documentation to implement the amended Search 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 or our affiliates control. However, if you remain in compliance with the Franchise Agreement we will not own or operate, or authorize any person or entity to own or operate, Shops in the “Protected Area” identified in Exhibit B of the Franchise Agreement (the “Protected Area”), which we will typically define as a circle with the Shop at its center and a radius of 1.5 miles unless otherwise specified in Exhibit B of the Franchise Agreement at the time you sign your Franchise Agreement. In some cases (for instance in densely populated urban areas), we may define the boundaries of your Protected Area by political subdivisions, streets, ZIP codes, or other similar designations, and the Protected Area in that case may be the lesser of: (i) a circle with a 1.5-mile radius; or (ii) a circle with a radius reflecting a 50,000 person population density. We determine the boundaries of each Protected Area on a case-by-case basis based on various factors, such as: the population in the surrounding area; traffic volume and traffic patterns; proximity to retail centers, residential areas, businesses and other potential customer sources; and other site-specific data we determine. If you are signing a Franchise Agreement in connection with an Area Development Agreement, our then-current criteria will apply when determining the Protected Area under that particular Franchise Agreement.

You cannot relocate your Shop without our prior written approval. You must additionally pay to us a non-refundable relocation fee at the time we approve your request to relocate your Shop and cooperate with us to preserve client goodwill with impacted clients (including by issuing full or partial refunds or otherwise facilitating their migration to nearby Shops which can fulfill services and paying any costs and fees to us associated with such migration). In considering a request to relocate your Shop, we consider factors such as the proposed site’s demographics, location, proximity to other businesses, the character of the neighborhood, the size and appearance of the premises to be leased, and other characteristics and criteria that may change. If we grant you the right to relocate your Shop, you must comply with all of the site selection and lease requirements set forth in your Franchise Agreement. All of the costs associated with relocating your Shop will be solely your responsibility.

Other than your rights described above with respect to your Protected Area, we (and our affiliates) retain all rights with respect to the placement of Shops and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities, without compensation to you. These rights include:

1. The right to establish and operate, and allow others to establish and operate, other Shops and other businesses using the Marks or the Franchise System, at any location outside the Protected Area, and on any terms and conditions we approve;
2. the right to establish and operate, and allow others to establish and operate, additional concepts or businesses providing products or services similar to those provided at Shops anywhere in the world, including within your Protected Area, under any trade names, trademarks, service marks and commercial symbols other than the Marks;
3. the right to establish, and allow others to establish, other distribution channels (including, the internet, retail stores, gift cards, or distribution or fulfillment centers) wherever located or

operating, including within your Protected Area, regardless of the nature or location of the clients, and regardless of the trade names, trademarks, service marks or commercial symbols used by such business, which may include the Marks and/or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Shops, and which may distribute or sell products and/or services that are identical or similar to, and/or competitive with, those that Shops customarily sell under any terms and conditions we approve;

4. offer and sell (and grant others to offer and sell) goods and services to clients located anywhere, including within your Protected Area;
5. the right to establish and operate, and allow others to establish and operate, other Shops and other businesses using the Marks or the Franchise System, at Captive Market Locations. “Captive Market Locations” are airports or other transportation terminals, sports facilities, parks and recreation areas, medical campuses, college and university campuses, corporate campuses, a department within an existing retail store, hotels, or other similar types of locations that have a restricted trade area located within the geographic boundaries of the Protected Area;
6. the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Shops (including those which would constitute Competitive Businesses, as defined in Item 17), and franchise, license, or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operated (including within your Protected Area);
7. the right to be acquired or become controlled (regardless of the form of transaction) by a business providing products or services similar to those provided at Shops, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses;
8. operate or grant any third party the right to operate any Shops that we or our designees acquire as a result of the exercise of a right of first refusal or purchase right that we have under the Franchise Agreement or any other franchise agreement; and
9. engage in all other activities not expressly prohibited by your Franchise Agreement.

You may not sell any products or services offered by Shop or using the Marks to customers wholesale or through alternative channels of distribution, including the internet or retail stores. You may not conduct local marketing within another Shop’s Protected Area or within a 1.5-mile radius of another Shop, whichever is greater. You must comply with System Standards regarding the transfer and admission of customers’ Memberships (see Item 16) to and from other Shops. There are no restrictions in the Franchise Agreement that would prohibit us from implementing additional territorial prohibitions on soliciting customers. You will not receive any options, right of first refusal or similar rights to acquire additional territories.

### **Area Development Agreement**

While you are in compliance with the Area Development Agreement and all of your Franchise Agreements, we will not establish or license others to establish new Shops within your Development Area during the

term of the Area Development Agreement. You are not required to achieve certain sales volume, market penetration or other contingencies in order to maintain your protection for the Development Area, but your failure to comply with the Development Schedule will be a material breach of the Area Development Agreement, which may result in our terminating the Area Development Agreement, granting similar development or franchise rights to others within the Development Area, reducing the size of the Development Area, reconfiguring the Development Area or modifying the Development Schedule by reducing the number of Shops to be developed and/or modifying the development deadlines for the Shops, in each case as we determine.

The Area Development Agreement grants you the right to acquire franchises to develop, own and operate Shops within the designated “Development Area” that will be described in Exhibit A attached to the Area Development Agreement. The Development Area is separate and distinct from the Protected Area radii for your Shops which will be set forth in their corresponding Franchise Agreements.

The boundaries of the Development Area will be described by map coordinates, city limits, counties, states, or other boundaries when appropriate. We will determine in our discretion the Development Area we will offer to you before you sign the Area Development Agreement. We determine the size of the Development Area based on multiple factors, including demographics, traffic patterns, competition, your capacity to recruit and provide services in the Development Area, and site availability among other economic and market factors. If you request to amend the Development Area set forth in your Area Development Agreement, and we agree to such amendment, we reserve the right to charge you an administrative fee of \$1,000 concurrently with executing documentation to effectuate the amended Development Area.

The Development Area will not include the Protected Area radii for any existing Shops within the Development Area as of the date you sign the Area Development Agreement, regardless of whether we define, describe, or otherwise illustrate such radii in maps attached to your Area Development Agreement. If a third-party’s development area is adjacent to your Development Area, the Protected Area radii for the third-party’s Shops may extend into your Development Area depending on those Shops’ final locations.

As an exception to the above, if multiple maps are attached to your Area Development Agreement, once you develop a specified number of Shops within a specific map, we can establish or license others to establish new Shops within such map but not within the Protected Areas provided in the Franchise Agreements for your Shops.

We and our affiliates retain the right to: (1) establish, operate and allow others to establish and operate, Shops using the Marks and Franchise System, at any location outside the Development Area on terms and conditions we deem appropriate; (2) establish, operate and allow others to establish and operate other upscale businesses, anywhere in the world, that may offer products and services that may be identical or similar to products and services offered by Shops, but under trade names, trademarks, service marks and commercial symbols other than the Marks; (3) operate or license others to operate Shops that we or our designee acquires from a franchisee as a result of the exercise of our right of first refusal or purchase right as provided in the Franchise Agreement; (4) establish, operate and allow others to establish and operate other businesses and distribution channels (including the Internet, retail stores, gift cards, or distribution or fulfillment centers), wherever located or operating and regardless of the nature or location of the customers with whom these other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Shops, and that sell products or services that are identical or similar to, or competitive with, those that

Shops customarily sell; and (5) establish, operate, and allow others to establish and operate businesses using the Marks or any other trade names, trademarks, service marks or commercial symbols at Captive Market Locations (which, under the Area Development Agreement, are airports or other transportation terminals, sports facilities, parks and recreation areas, medical campuses, college and university campuses, corporate campuses, a department within an existing retail store, hotels, or other similar types of locations that have a restricted trade area located within the geographic boundaries of the Development Area).

In addition, we specifically retain the right under the Area Development Agreement to: (a) acquire the assets or ownership interests of one or more businesses including Competitive Businesses (as defined in Item 17), and franchise, license, or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including within the Development Area or the Protected Areas for any of your Shops); (b) be acquired or become controlled (regardless of the form of transaction), by a business providing products or services similar to those provided at Shops, or by any other business, even if such business operates, franchises and/or licenses Competitive Businesses; and (c) engage in all other activities not expressly prohibited by the Area Development Agreement. With respect to the acquisitions referenced in subsections (a) and (b) above, any Competitive Businesses that are acquired (or that are operated by a company that acquires us) may be converted into Shops that operate under the Marks, regardless of their location, including Competitive Businesses that are located within the Development Area or within the Protected Areas for any of your Shops on the date of the acquisition.

You will not receive an exclusive territory under the Area Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We will not, however, establish or license others to establish new Shops within your Development Area during the term of the Area Development Agreement while you are in compliance with its terms and those within your Franchise Agreements as described above. You will not receive any options, right of first refusal or similar rights to acquire development areas.

You may not engage in any promotional or similar activities, directly or indirectly, through or on the Internet, catalog sales, telemarketing or other direct marketing campaigns, without our consent.

We are not required to pay you if we exercise any of the rights specified above inside or outside your Development Area.

If you request to, and we agree to permit you to, alternatively develop, own, and operate units within our affiliated brands, we: (i) may reduce, modify, or replace the Development Area; and (ii) will issue a refund to satisfy the difference, if any, between the fees charged by our affiliated brands and the Development Fee (as described in Item 5) that you paid upon signing the Area Development Agreement, in each case as we determine, within documentation to be signed by the parties. You and your affiliates must be in full compliance with your Area Development Agreement and all Franchise Agreements and other agreements with us (or any of our affiliates) in order for us to consider such a request.

### **ITEM 13. TRADEMARKS**

The Franchise Agreement grants you a non-exclusive license to use the Marks. All of the primary Marks described in the table below are owned by Kaz Europe Sarl (the “Third-Party IP Owner”), registered on the

Principal Register of the United States Patent and Trademark Office (“USPTO”) and all required affidavits and renewals for the Marks have been filed.

Mark	Registration Number	Registration Date	IC Class(es)
DRYBAR	4043735	October 25, 2011	44
DRYBAR	4354273	June 18, 2013	3
DRYBAR	4442715	December 3, 2013	8, 11, 21
DRYBAR (and Design) 	4423969	October 29, 2013	44
“Buttercup” (Stylized Design) 	3856768	October 5, 2010	44
“Buttercup” (Design) 	4423968	October 29, 2013	44
NO CUTS. NO COLOR, JUST BLOWOUTS. (Standard Characters)	3856546	October 5, 2010	44
PEACE, LOVE & BLOWOUTS PEACE, LOVE & BL♥WOUTS!	4411933	June 13, 2012	44

Currently, there are no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings or material litigation, involving the Marks. There are currently no effective agreements that significantly limit our right to use, license or sublicense the Marks. Neither we nor our affiliates or the Third-Party IP Owner know of any infringing uses or superior prior rights that could materially affect your use of the Marks.

In addition to the Marks described in the table above, we own certain other trademarks and trade dress that we may authorize or require you to use in connection with your Shop.

Pursuant to a License and Noncompetition Agreement (the “License Agreement”), effective as of January 23, 2020, the Third-Party IP Owner has granted us, as the assignee of DB, the right to use and sublicense the Marks described in the table above and certain other intellectual property. The License Agreement is of perpetual duration, but the Third-Party IP Owner may terminate the License Agreement upon the occurrence of one of several events, such as our: filing for bankruptcy; dissolution; voluntarily abandoning our business; committing certain crimes; attempting an assignment of the License Agreement or other change of control; or committing another default of the License Agreement that remains uncured after notice (such as breaching certain provisions of the License Agreement, failing to pay amounts owed to the Third-Party IP Owner, or failing to enforce the terms of the License Agreement as to any franchisees). If the License Agreement is terminated because of our default, we would lose the right to sublicense the Marks, subject to applicable law. Consequently, we would lose the right to sublicense the Marks to you, so you would be required to stop using the Marks. This would likely require you to incur additional costs in order to change the marks under which you operate your Shop. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

Your use of the Marks and any goodwill established by that use are solely for our and the Third-Party IP Owner’s benefit. You have no ownership or other interest in the Marks. You may not at any time contest, or assist any other person in contesting, the validity, ownership, distinctiveness or enforceability of the Marks. You must follow our rules when you use the Marks and the Marks are the only marks you may use to identify your Shop, except that you agree to identify yourself as its independent owner and operator in the manner we prescribe. You may not use any Mark or any part of any Mark as part of any corporate or legal business name; with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); in selling any unauthorized services or products; as part of any website, domain name, e-mail address, social media account, other online presence or presence on any electronic medium of any kind (each an “Online Presence”), except in accordance with our guidelines; in advertising the transfer, sale, or other disposition of your Shop or an ownership interest in you without our prior consent; in connection with any tobacco products, pornography or other obscene or profane materials, gambling, firearms, ammunition or materials that depict or glorify violence; or in any other manner that we have not expressly authorized in writing.

You may not take any action that will harm the Franchise System, other Shops or the goodwill associated with the Marks. We and our agents will have the right to enter and inspect your Shop to make sure you are complying with our standards, including but not limited to the proper use and display of the Marks.

You must modify or discontinue using any Mark and/or use additional or substitute Marks, at your expense, if we require you to do so. We need not reimburse you for any costs or expenses associated with making such changes, for your lost revenue, or for your expenses of promoting modified or substitution Marks.

You must notify us immediately of any known, actual, suspected, threatened or apparent infringement of, or challenge to, your use of any Mark and may not communicate information about such an infringement or challenge with any person other than us, your counsel, or our counsel. You may not settle any claim without our written consent. We may take any action we deem appropriate (including no action) and exclusively control any litigation or USPTO proceeding, or other administrative proceeding arising out of any infringement, challenge or claim or otherwise concerning any Mark. We will reimburse you for all damages or expenses incurred by you in responding to any trademark infringement proceeding disputing your authorized use of any Mark in accordance with the terms of your Franchise Agreement. We will not pay any of your attorneys’ costs or fees if you hire your own attorney. At our option, we may defend and

control the defense of any proceeding arising from your use of any Mark under your Franchise Agreement. You must sign documents and take any other reasonable action that, in the opinion of our counsel, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our or the Third-Party IP Owner's interests in the Marks.

Upon expiration or termination of your Franchise Agreement, you will have no further right to use the Marks and you must immediately discontinue using the Marks.

## **ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

### **Our Patents and Copyrights**

There are no patents or copyrights currently registered or pending owned by us or our affiliates or the Third-Party IP Owner that are material to the Franchise System.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress), the USPTO, or any court affecting our or the Third-Party IP Owner's copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights or to defend you against claims arising from your use of the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

We and the Third-Party IP Owner do claim copyright protection and proprietary rights in the original materials used in the operation of Shops, including the Operations Manual, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, and other written materials relating to the operation of Drybar businesses and the Franchise System ("Copyrighted Materials"). We treat all of this information as trade secrets and you must treat any of this information we communicate to you confidentially. You may not use any of our Copyrighted Materials without our written permission. This includes display of the Copyrighted Materials on any Online Presences.

If the License Agreement (described in Item 13) is terminated, we would lose the right to sublicense the portion of the Copyrighted Materials owned by the Third-Party IP Owner, subject to applicable law. Consequently, we would lose the right to sublicense the Copyrighted Materials owned by the Third-Party IP Owner to you. Other than the License Agreement, there are currently no other effective agreements that limit our right to use and/or license the Copyrighted Materials.

### **Confidential Information**

You will have access to proprietary and confidential information relating to the development and operation of Shops (the "Confidential Information"), including: (i) training and operations materials, including the Operations Manual and certain brand usage guidelines issued by the Third-Party IP Owner ("Brand Usage Guidelines"); (ii) the System Standards and other methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Shops; (iii) market research, promotional, marketing and advertising strategies and programs for Shops; (iv) strategic plans, including expansion strategies and targeted demographics; (v) knowledge of, specifications for and suppliers of, and methods of ordering, Operating Assets and other products and supplies; (vi) any computer software or similar technology which is proprietary to us or the Franchise

System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (vii) knowledge of the operating results and financial performance of Shops (other than your Shop); (viii) information generated by, or used or developed in, your Shop's operation, including information relating to clients such as client names, addresses, telephone numbers, email addresses, buying habits, preferences, demographic information and related information, and any other information contained from time to time in the Computer System ("Client Information"); and (ix) any other information designated as confidential or proprietary by us.

You and your owners will not acquire any interest in any Confidential Information, other than the right to use the Confidential Information as we specify in operating your Shop during the term of your Franchise Agreement. Our Confidential Information is proprietary to us and our affiliates or the Third-Party IP Owner and includes trade secrets owned by us and our affiliates or the Third-Party IP Owner. You and your owners: (1) may not use the Confidential Information in any other business or capacity and the use of any Confidential Information in any other business or capacity would constitute an unfair method of competition; (2) must maintain the confidentiality of the Confidential Information during and after the term of your Franchise Agreement; (3) may not make unauthorized copies of any portion of the Confidential Information; (4) must adopt and implement all reasonable procedures that we prescribe to prevent the unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure of the Confidential Information to persons who have signed confidentiality and non-solicitation agreements; and (5) will not sell, trade or otherwise profit in any way from the Confidential Information, except using methods approved by us.

### **Works Made-for-Hire**

All ideas, concepts, techniques, or materials relating to a Shop, or derivative works based on the Marks or any Confidential Information, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our or the Third-Party IP Owner's sole and exclusive property, part of the Franchise System, and works made-for-hire for us or the Third-Party IP Owner. To the extent that any item does not qualify as a "work made-for-hire" for us or the Third-Party IP Owner, you shall assign ownership of that item, and all related rights to that item, to us or the Third-Party IP Owner and agree to take whatever action (including signing assignment or other documents) we or the Third-Party IP Owner request to evidence our or its ownership or to help us or it obtain intellectual property rights in the item.

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

### **Franchise Agreement**

If you are signing the Franchise Agreement as a legal business entity, you must designate an individual with at least a 25% ownership and voting interest in you to act as your "Operating Partner". The Operating Partner must be approved by us. Unless a separate Designated Manager is approved by us (described below), you (or your Operating Partner if you are an entity) must supervise your Shop on a full-time basis and exert best efforts to promote and enhance your Shop. Without our written consent, your entity may not engage in any business other than the operation of your Shop, unless we approve you to acquire and operate additional Shops pursuant to additional franchise agreements between us and you. Your Operating Partner must be empowered with full authority to act for you and we will be entitled to rely solely on the decision

of the Operating Partner without discussing the matter with any other party. If your Operating Partner ceases to own at least a 25% ownership interest and voting interest in you, your Operating Partner resigns or otherwise indicates to us or to you that he or she wishes to cease acting as Operating Partner, or we disapprove of your Operating Partner at any time, you must designate a new Operating Partner within 30 days for our review and approval.

You are solely responsible for the management, direction and control of your Shop. However, you (or your Operating Partner if you are an entity) may elect not to supervise your Shop on a full-time basis; provided that you appoint a manager who has completed our then-current Training Program (or alternatively, the manager training program described in Item 11 as we may determine) to work full-time at your Shop (your “Designated Manager”). Your Designated Manager must supervise the management and day-to-day operations of your Shop and continuously exert their best efforts to promote and enhance your Shop and the goodwill associated with the Marks. If you intend to appoint a Designated Manager prior to the Shop’s opening date, you must do so at least ten (10) weeks prior to such date in order for your initial Designated Manager to attend and complete the Training Program in a timely manner. If you elect not to appoint a Designated Manager, your Designated Manager’s employment at your Shop is terminated, or we disapprove your Designated Manager at any time, you (or your Operating Partner) must immediately assume the full-time responsibilities of supervising the management and day-to-day operations of your Shop and continuously exert your best efforts to promote and enhance your Shop and the goodwill associated with the Marks pursuant to the terms of the Franchise Agreement. You must notify us of any changes to your Designated Manager’s employment as set forth in the Operations Manual.

You and such persons we designate, which, if you are an entity, may include the spouses of your, or any entity or trust that possesses an ownership interest in you, must execute the Guaranty and Assumption of Franchisee’s Obligations attached as Exhibit D to the Franchise Agreement, jointly and severally guarantying your and their performance under the Franchise Agreement and binding yourself and themselves to the Franchise Agreement and any ancillary agreements between you and us.

You must require persons who have access to our Confidential Information to execute confidentiality and non-solicitation agreements in a form that we approve.

### **Area Development Agreement**

If you sign an Area Development Agreement, you are obligated, at all times, to faithfully, honestly and diligently perform your obligations and fully exploit the development rights granted to you. You may not subcontract, subfranchise, or delegate any of your obligations to any third parties.

If you are an entity, each of your direct and indirect owners (including any other business entity or trust) must sign a Guaranty and Assumption of Obligations in the form attached as Exhibit B to the Area Development Agreement. The persons signing the Guaranty and Assumption of Obligations agree to personally assume and perform all of the area developer’s obligations under the Area Development Agreement. In addition, the spouses of your owners signing will be required to acknowledge and consent to the Guaranty and Assumption of Obligations.

## **ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

### **Authorized Products and Services Generally**

You must sell or offer for sale all products and services we require using the method and manner of distribution we prescribe and may offer for sale or sell at your Shop the products and services that we deem as optional. You must conduct all services in accordance with our System Standards (and if we at any time determine that you fail to meet our System Standards for providing any products or services that we require, we may permanently or temporarily terminate your right to offer such products or services, in addition to all other remedies we have). You must sell and offer for sale only the products and services that we have approved for sale, and you must discontinue selling and offering for sale any products or services which we may disapprove at any time. We may change the types of products and services that we have approved for sale, and there is no limit on that right. You must purchase and use only the brands, types, or models of products, materials, supplies and services (including the Operating Assets and the Computer System) that we designate for operating your Shop.

### **Memberships**

You must offer and sell Memberships as we require. You must comply with our System Standards regarding Memberships, which include regulating the admission of clients with memberships at your Shop to other Shops, or vice-versa, and payment allocations which are due to Shops which provide services to clients with memberships at your Shop. We facilitate such payment allocations on a pass-through basis as a service to our franchisees. All Memberships must be evidenced by a Membership Agreement and may not be for a term that extends beyond the expiration of your Franchise Agreement. We may provide you a form of Membership Agreement, and if we do so, you will use the form of Membership Agreement that we provide to you, and you will not make any modifications in the forms without our prior written consent. You are responsible for ensuring that the Membership Agreements and your offer of Memberships comply with all applicable laws for your Shop. We own all information relating to clients and members of your Shop. We may contact any member(s) of your Shop at any time.

### **Pricing**

Subject to applicable law, we may periodically set a maximum or minimum price that you may advertise for products and services offered by your Shop. If we impose a maximum advertised price for any product or service, you may not advertise a higher price for the product or service than the maximum advertised price we impose. If we impose a minimum advertised price for any product or service, you may not advertise a lower price for such product or service than the minimum advertised price we impose. Further, you must comply with any advertising policy we adopt which may prohibit you from advertising any price for a product or service that is different than our suggested retail price.

**ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION  
THE FRANCHISE RELATIONSHIP**

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

Provision		Section in franchise or other agreement	Summary
a.	Length of the franchise term	Franchise Agreement – 1.A.	10 years
		Area Development Agreement – 1.B	Term ends when you open the last Shop to be developed according to the Development Schedule or the day that is the last development target date, whichever occurs first.
b.	Renewal or extension of the term	Franchise Agreement – 13.A.	One additional term of 10 years
		Area Development Agreement	Not applicable
c.	Requirements for franchisee to renew or extend	Franchise Agreement – 13.A., 13.B.	You must: 1) provide written notice of your election to acquire a successor franchise; 2) not be in default; 3) sign the then-current form of our franchise agreement (which may contain terms and conditions materially different from those in your original Franchise Agreement); 4) sign a general release; 5) pay the successor franchise fee; and 6) update/remodel the Shop to our then-current standards.
		Area Development Agreement	Not applicable.
d.	Termination by franchisee	Franchise Agreement – 14.A.	You can terminate the Franchise Agreement for cause after providing us notice. We have 60 days to cure any material breach of the Franchise Agreement after you deliver written notice to us. (subject to state law)
		Area Development Agreement	Not applicable.
e.	Termination by franchisor without cause	Franchise Agreement	Not applicable.
		Area Development Agreement	Not applicable.
f.	Termination by franchisor with cause	Franchise Agreement – 14.B.	We can terminate the Franchise Agreement after providing you notice. Under cross-default provision, we can terminate the Franchise Agreement if you or your approved affiliate fails to comply with any provision of any Area Development Agreement and does not cure such failure within the applicable cure period.
		Area Development Agreement – 7.A	We may terminate only if you or your owners commit one of several violations. Under cross-default provision, we can terminate the Area Development Agreement if you or your approved affiliate fails to comply with any provision of any Franchise Agreement and does not cure such failure within the applicable cure period.

Provision		Section in franchise or other agreement	Summary
g.	“Cause” defined — curable defaults	Franchise Agreement – 14.B.	Curable defaults include: 1) 10 days to cure a failure to maintain the insurance we require; 2) three days to cure a violation of any health, safety, or sanitation law, ordinance, or regulation, or unsafe operation of your Shop; 3) 10 days to cure a violation of any law or regulation or failure to maintain any bond, license, or permit; 4) 10 days to cure a failure to pay us any due amounts; 5) 30 days to cure any breach of the Franchise Agreement other than those provided in “k” below; and 6) cure period for a failure to pay third-party supplier, as determined by such third-party supplier, or alternatively, 10 days to cure if such third-party’s cure period has already lapsed. Under cross-default provision, we can terminate the Franchise Agreement if you or your approved affiliate fails to comply with any provision of any Area Development Agreement and does not cure such failure within the applicable cure period.
		Area Development Agreement – 7.A	You have 10 days to cure monetary defaults, failure to furnish reports, financial statements, tax returns or any other documentation required, or any failure to observe, perform or comply with any other of the terms or conditions of the Area Development Agreement; and applicable cure period for defaults under Franchise Agreement or failure to pay any third-party obligations.
h.	“Cause” defined — non-curable defaults	Franchise Agreement – 14.B.	Non-curable defaults include: 1) material misrepresentations or omissions in acquiring the franchise or operating the Shop; 2) failure to get our approval for a site by the deadline; 3) failure to obtain lease approval or deliver the lease and lease rider as required; 4) failure to open the Shop within 12 months; 5) failure to satisfactorily complete the Training Program or Pre-Opening Training; 6) without our prior consent, abandonment for two consecutive days, or 14 days during any twelve-month period, or expressing an intent to close or otherwise abandon the Shop; 7) unauthorized transfer; 8) conviction of felony or other crime that is likely to harm the Marks, the Franchise System, or their associated goodwill and reputation; 9) dishonest or unethical conduct which adversely affects your Shop’s reputation or the goodwill associated with the Marks; 10) loss of right to occupy Premises; 11) unauthorized use or disclosure of confidential information; 12) you create or allow to exist a health or safety concern; 13) failure to pay taxes when due (unless contested in good faith); 14) insufficient funds to pay amounts when due on three separate occasions within 12 month period; 15) underreporting Gross Receipts; 16) three breaches of the Franchise Agreement within a one year period or two or more breaches of the same obligation within a one year period; 17) insolvency or similar proceeding; 18) assets, property, or interests blocked under laws or regulations relating to terrorism or you or your owners otherwise violate such laws; 19) termination of any other agreement between you (or one of your owners) or your affiliates and us or our affiliates; 20) you fail to

Provision		Section in franchise or other agreement	Summary
			perform required background checks; 21) you fail to ensure your hair stylists are licensed as required by law; 22) you fail to report incidents which could impact the goodwill of the brand as required and 23) you relocate the Shop to a location other than the Premises without our prior written approval. Under cross-default provision, we can terminate the Franchise Agreement if you or your approved affiliate fails to comply with any provision of any Area Development Agreement and does not cure such failure within the applicable cure period.
		Area Development Agreement – 7.A	Non-curable defaults under the Area Development Agreement include ceasing or threatening to cease to carry on the business; liquidation of your assets; failure to pay any debts or other amounts incurred by you in operating the business when these debts or amounts are due and payable; an assignment for the benefit of creditors; appointment of a trustee or receiver; three or more repeated violations during any 12-month period; two or more repeated violations during any six month period; termination of any other agreement between you (or one of your owners) or your affiliates and us or our affiliates; in the event you are an entity, liquidation or dissolution or amalgamation; or if you lose your charter by expiration, forfeiture or otherwise; material misrepresentations or omissions; conviction of a felony; dishonest or unethical conduct; unapproved transfers of the Area Development Agreement or an ownership interest in you.
i.	Franchisee’s obligations on termination/non-renewal	Franchise Agreement – 6.A., 6.B., 15.A., 15.B., 15.C., 15.D., 15.F., 15.G., 15.H.	Obligations include: comply with confidentiality provisions, comply with trade secret provisions; pay all amounts due to us and our affiliates; pay us liquidated damages if the Franchise Agreement is terminated by you without cause or because of your default; cease selling products and services; cease using the Marks; de-identify; assign contact identifies and online presence to us or our designee; pay all costs and expenses incurred by us in enforcing the termination provisions of the Franchise Agreement; return all copies of the Operations Manual and other confidential information to us; return or securely dispose of personal information; comply with covenants not to compete; comply with non-solicitation and non-interference covenants; transfer client list to us or our designee; if required by law, refund clients; cooperate with us to preserve client goodwill.
		Area Development Agreement – 7.B, 7.C	Under the Area Development Agreement, you must: cease using the Marks and franchise system; return all proprietary materials, forms, documents and information; comply with confidentiality requirements; and comply with all post-termination non-compete and non-solicit covenants.
j.		Franchise Agreement – 12.A.	No restriction on our right to transfer or assign. We may transfer or assign without your approval.

Provision		Section in franchise or other agreement	Summary
	Assignment of contract by franchisor	Area Development Agreement – 6.A	
k.	“Transfer” by franchisee— defined	Franchise Agreement – 12.B.	Includes transfer of the interests or rights in the Franchise Agreement, the Shop, the Shop’s assets, or if you are an entity, the transfer of any direct or indirect ownership interest in you.
		Area Development Agreement – 6.B	You may not transfer your interest in or any of your rights under the Area Development Agreement.
l.	Franchisor approval of transfer by franchisee	Franchise Agreement – 12.B.	We have the right to approve all transfers. You cannot transfer without our written consent.
		Area Development Agreement – 6.B	You may not transfer your interest in or any of your rights under the Area Development Agreement.
m.	Conditions for franchisor approval of transfer	Franchise Agreement – 12.C.	Your Shop must be open for business. You must submit an application and provide us with information we request about the transferee; you pay us a deposit fee of \$5,000 (refundable, less amounts due, within 30 days of transfer); the transferee cannot be involved in a Competitive Business; the transferee and its affiliates cannot directly or indirectly own more than 6% of all Drybar shops then in operation in the United States, including the Shop operated under the Franchise Agreement; you provide executed versions of documents between you and the transferee to effect the transfer with requested information; you and the transferee sign all documents we require, including a general release, a covenant that you will comply with non-competition obligations (see “u”), and a covenant that you will comply with all post-termination obligations (see “l”); you are not in default of any agreement with us 60 days before your transfer request and until the transfer’s effective date; the transferee must complete our Training Program; you obtain landlord consent (if required by lease); the transferee must sign our then-current form of franchise agreement; transfer fee is paid; if you or your owners finance any part of the purchase price, you will agree that transferee’s obligations under any promissory notes, agreements, or security interests are subordinate to transferee’s payment obligations to us, our affiliates, and third-party vendors under their Franchise Agreement; transferee agrees to upgrade, remodel, and refurbish the Shop to our then-current standards; and you transfer, or transferee obtains new, business licenses, insurance policies, and material agreements. The term “Competitive Business” means any business operating or granting franchises or licenses to others to operate any retail establishment providing hair-care services (including, without limitation, any of the following: haircutting, hair coloring, blow-drying, hair styling, washing), or any business that offers or sells products or educational materials or conducts workshops that are the same as, similar to, or competitive with products, educational

Provision		Section in franchise or other agreement	Summary
			materials, and workshops offered by the Franchise System (other than a franchise operated under a franchise agreement with us or our affiliate).
		Area Development Agreement – 6.B	You may not transfer your interest in or any of your rights under the Area Development Agreement.
n.	Franchisor’s right of first refusal to acquire franchisee’s business	Franchise Agreement – 12.E.	We have a right of first refusal to acquire your Shop, substantially all of its assets, or an ownership interest in you or one of your owners.
		Area Development Agreement – 6.C	Not applicable.
o.	Franchisor’s option to purchase franchisee’s business	Franchise Agreement – 15.E.	Upon termination or expiration of the Franchise Agreement, we have a 30-day option to purchase the assets of your Shop for fair-market value and assume the Shop’s lease.
		Area Development Agreement	Not applicable.
p.	Death or disability of franchisee	Franchise Agreement – 12.F.	Your personal representative has nine months to transfer your interest (or the Operating Partner’s or a controlling owner’s interest) in the Franchise Agreement to a third party, provided that the transfer conditions described in “m” above have been met. No fee deposit or transfer fee will be required if the transferee is a spouse or immediate family member of the transferor).
		Area Development Agreement	Not applicable.
q.	Non-competition covenants during the term of the franchise	Franchise Agreement – 7.A.	No involvement in any Competitive Business; no activities which might injure the goodwill of the Marks and Franchise System; and no immediate family members of you or your owners may violate these covenants.
		Area Development Agreement – 5	No involvement in any Competitive Business; and no assistance or encouragement of family members from violating these covenants.
r.	Non-competition covenants after the franchise is terminated or expires	Franchise Agreement – 15.F.	No involvement (direct or indirect) in Competitive Business for two years within a three-mile radius of your Shop or within three miles of another Shop. (Same terms apply after transfer.)
		Area Development Agreement – 7.C	No involvement (direct or indirect), provision of services in Competitive Business for two years within the Development Area or within three miles of another Shop. (Same terms apply after transfer.)
s.	Modification of the agreement	Franchise Agreement – 17.K.	The Franchise Agreement can be modified only by written agreement between you and us. We can modify or change the Franchise System by modifying the Operations Manual and System Standards.
		Area Development Agreement – 10.G	No modifications except in writing and signed by both you and us.
t.	Integration/merger clause	Franchise Agreement – 17.M.	Only the terms of the Franchise Agreement and Area Development Agreement are binding (subject to state law). Any representations or

Provision		Section in franchise or other agreement	Summary
		Area Development Agreement – 10.G	promises outside of the Disclosure Document and Franchise Agreement or Area Development Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Franchise Agreement – 17.F.	Except for breach of your post-termination covenants, violation of the Lanham Act, or breach of trade secret, all disputes relating to the Franchise Agreement or Area Development Agreement or our relationship must be arbitrated within 50 miles of our then-current principal place of business (currently Denver, Colorado). (subject to state law)
		Area Development Agreement – 9.A	
v.	Choice of forum	Franchise Agreement – 17.H.	State or federal court in the place where our principal place of business is located (currently Denver, Colorado) (subject to state law).
		Area Development Agreement – 9.C	
w.	Choice of law	Franchise Agreement – 17.G.	The laws of the state in which our principal place of business is located (currently, Colorado) govern (subject to state law), except that disputes regarding the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) and any arbitration matter will be governed by the United States Federal Arbitration Act (9 U.S.C. Sections 1 et seq.).
		Area Development Agreement – 9.B.	

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in [Exhibit A](#).

## ITEM 18. PUBLIC FIGURES

We do not use any public figures to promote our Franchise System. However, we may use public figures in the future.

## ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

### **Franchised Shops Open as of January 1, 2025 and for One Year, and Three Years as of January 1, 2025**

Table 1 describes 2025 Average Gross Revenue, Average Shop Visits, Average Total Membership Conversion, and Average Ending Memberships for four categories of franchised Shops in the United States that were open as of January 1, 2025, and operated throughout 2025: (1) all franchised Shops that were open as of January 1, 2025, and operated throughout 2025; (2) franchised Shops that were open for at least

one year as of January 1, 2025, and operated throughout 2025; (3) franchised Shops that were open for at least three years as of January 1, 2025, and operated throughout 2025; and (4) franchised Shops that were open less than three years as of January 1, 2025 and operated throughout 2025.

As of December 31, 2025, there were 198 franchised Shops in operation in the United States. Of those 198 franchised Shops: (A) 167 were open as of January 1, 2025, and operated throughout 2025; (B) 141 were open for at least one year as of January 1, 2025, and operated throughout 2025; (C) 110 were open for at least three years as of January 1, 2025, and operated throughout 2025; and (D) 57 were open less than three years as of January 1, 2025 and operated throughout 2025. Table 1 excludes the data from the 27 Shops that began operation in 2025, 1 Shop that began presales in 2024 but did not begin seeing clients until 2025, and 3 Shops that operated within a resort or department store with no street access. Table 1 also excludes data from 5 Shops that closed in 2025 (1 of which had been open less than 12 months).

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Table 1

All Franchised Shops Open as of January 1, 2025

Category	Top 10	Top 3rd	Bottom 3rd	Bottom 10	All Shops	All Shops Open Greater than One Year prior to 2025	All Shops Open Greater than Three Years prior to 2025	All Shops Open Less than Three Years prior to 2025
No. of Shops	10	47	47	10	167	141	110	57
<b>2025 Average Gross Revenue</b>	<b>\$1,869,261</b>	<b>\$1,412,624</b>	<b>\$508,527</b>	<b>\$325,404</b>	<b>\$852,718</b>	<b>\$916,816</b>	<b>\$983,350</b>	<b>\$600,622</b>
Number that Met or Exceeded the Average	4	18	24	6	68	56	48	25
Percentage that Met or Exceeded the Average	40.0%	38.3%	51.1%	60.0%	40.7%	39.7%	43.6%	43.9%
Same Shop Average Revenue Increase	7.0%	10.1%	5.3%	2.5%	12.5%	7.6%	7.3%	33.0%
2025 Median Gross Revenue	\$1,758,416	\$1,325,393	\$525,904	\$353,860	\$753,506	\$835,871	\$892,876	\$544,991
2025 Highest Gross Revenue	\$2,450,866	\$2,450,866	\$681,548	\$381,960	\$2,450,866	\$2,450,866	\$2,450,866	\$1,683,996
2025 Lowest Gross Revenue	\$1,644,569	\$1,046,456	\$215,950	\$215,950	\$215,950	\$215,950	\$295,971	\$215,950
<b>2025 Average Shop Visits</b>	<b>31,487</b>	<b>23,371</b>	<b>8,262</b>	<b>5,213</b>	<b>14,047</b>	<b>15,111</b>	<b>16,179</b>	<b>9,932</b>
Number that Met or Exceeded the Average	3	16	25	6	66	57	47	26
Percentage that Met or Exceeded the Average	30.0%	34.0%	53.2%	60.0%	39.5%	40.4%	42.7%	45.6%
2025 Median Shop Visits	29,079	22,178	8,522	5,404	12,390	13,406	14,380	9,629
2025 Highest Shop Visits	43,610	43,610	11,208	6,504	43,610	43,610	43,610	27,961
2025 Lowest Shop Visits	26,734	17,643	3,714	3,714	3,360	3,714	4,725	3,360
<b>2025 Average Total Membership Conversion</b>	<b>7.0%</b>	<b>4.1%</b>	<b>1.3%</b>	<b>0.9%</b>	<b>2.8%</b>	<b>2.5%</b>	<b>2.2%</b>	<b>3.9%</b>
Number that Met or Exceeded the Average	4	16	22	6	61	48	44	23
Percentage that Met or Exceeded the Average	40.0%	34.0%	46.8%	60.0%	36.5%	34.0%	40.0%	40.4%
2025 Median Total Membership Conversion	6.2%	3.4%	1.3%	1.0%	2.3%	2.1%	2.0%	3.2%
2025 Highest Total Membership Conversion	12.3%	12.3%	1.8%	1.1%	12.3%	12.3%	9.6%	12.3%
2025 Lowest Total Membership Conversion	4.6%	2.6%	0.7%	0.7%	0.7%	0.7%	0.7%	1.0%
<b>2025 Average Ending Memberships</b>	<b>749</b>	<b>527</b>	<b>157</b>	<b>102</b>	<b>312</b>	<b>330</b>	<b>337</b>	<b>263</b>
Number that Met or Exceeded the Average	5	14	23	7	76	62	47	23
Percentage that Met or Exceeded the Average	50.0%	29.8%	48.9%	70.0%	45.5%	44.0%	42.7%	40.4%
2025 Median Ending Memberships	729	487	155	112	280	320	322	226
2025 Highest Ending Memberships	1,012	1,012	217	134	1,012	1,012	863	1,012
2025 Lowest Ending Memberships	637	390	54	54	51	54	54	51

Notes to Table 1:

1. Revenue figures in Table 1 are based upon actual data we require our franchisees to submit to us on a monthly basis and are defined in the same manner as Gross Receipts are defined under the Franchise Agreement. Specifically, as described in Item 6, “Gross Receipts” include all of your revenue and receipts, including those taken by cash, credit card, debit card, check, electronic funds transfer, ACH, trade, barter or exchange. Gross Receipts also include: (a) any other means of revenue derived from the operations of your Shop, including the sale of memberships, merchandise, or any products or services that are sold by you, whether sold at the Premises or from an off-Premises location; (b) all revenue from the sale or redemption of gift cards, in accordance with our then-current System Standards; and (c) the gross amount of any business interruption or similar insurance payments. Gross Receipts exclude: (i) sales, use or privilege taxes paid to the appropriate taxing authority; (ii) refunds that are provided to clients (not including chargebacks); and (iii) tips received from clients for payment to your employees.
2. The “Same Shop Average Revenue Increase” measures the increase in revenue on a same-shop basis, comparing annual revenue for the 2025 calendar year to the 2024 calendar year, for all Shops open at least one year prior to January 1, 2025. Because this category compares year-over-year revenue, we have not included franchised Shops that did not operate during the entirety of 2024.
3. “2025 Average Shop Visits” means the average number of client visits (whether by a member or non-member) to a Shop during the 2025 calendar year.
4. “2025 Total Membership Conversion” means the percentage of new clients who sign up for our membership program in 2025.
5. “2025 Average Ending Memberships” represents the number of participants in our membership program who paid a monthly membership fee in December 2025.

\* \* \* \*

We compiled this data using information submitted to us by our franchisees and received from our predecessor. We did not audit or otherwise verify the accuracy of the information submitted. These revenues and gross profit results are based upon historical data.

**Some Shops have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.**

We are unaware of any particular characteristics (such as geographic location) in the Shops listed in the tables above that differ materially from the Shop being offered by this Disclosure Document. However, factors that might adversely impact average revenues for a given Shop include the general public’s perception of hairstyling services, increased competition in the beauty industry, actions by franchisees that are out of our control that could adversely impact the Franchise System, and the status of our general economic environment. Factors that might adversely impact average gross profit include, in addition to those sales related items noted above, the actual cost of wages paid to stylists, which could vary periodically and by market due to the status of our general economic environment. The negative impact of such factors would also adversely impact a franchisee’s net income, profits and earnings.

Written substantiation for the financial performance representations will be made available to prospective franchisees upon reasonable request.

Other than the preceding financial performance representations, DB Franchise, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual 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 Sarah Osborn Hill, V.P., Head of Legal, 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, (303) 663-0880, the Federal Trade Commission, and appropriate state regulatory agencies.

**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**Systemwide Drybar Shops Business Summary**  
**For Years 2023 to 2025<sup>(1)</sup>**

Outlet Type	Year	Outlets at Start of the Year	Outlets at End of the Year	Net Change
Franchised	2023	149	159	+10
	2024	159	176	+17
	2025	176	198	+22
Company Owned <sup>(2)</sup>	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets <sup>(3)</sup>	<b>2023</b>	<b>149</b>	<b>159</b>	<b>+10</b>
	<b>2024</b>	<b>159</b>	<b>176</b>	<b>+17</b>
	<b>2025</b>	<b>176</b>	<b>198</b>	<b>+22</b>

Notes:

1. The numbers are as of December 31<sup>st</sup> of each year.

**Table No. 2**  
**Transfers of Drybar Shops from Franchisees to New Owners**  
**(Other than the Franchisor or its Affiliates)**  
**For Years 2023 to 2025<sup>(1)</sup>**

State	Year	Number of Transfers
California	2023	6
	2024	2
	2025	0
District of Columbia	2023	2
	2024	0
	2025	2

State	Year	Number of Transfers
Florida	2023	0
	2024	2
	2025	1
Idaho	2023	3
	2024	0
	2025	0
Illinois	2023	0
	2024	0
	2025	0
Indiana	2023	0
	2024	0
	2025	1
Maryland	2023	1
	2024	0
	2025	1
Massachusetts	2023	0
	2024	2
	2025	1
New York	2023	0
	2024	0
	2025	1
Pennsylvania	2023	0
	2024	0
	2025	4
South Carolina	2023	0
	2024	0
	2025	1
Texas	2023	0
	2024	0
	2025	7
Virginia	2023	2
	2024	0
	2025	1
<b>Total</b>	<b>2023</b>	<b>14</b>
	<b>2024</b>	<b>6</b>
	<b>2025</b>	<b>20</b>

1. The numbers are as of December 31<sup>st</sup> of each year.

**Table No. 3**  
**Status of Drybar Shops Outlets**  
**For Years 2023 to 2025<sup>(1)</sup>**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of Year <sup>(2)</sup>
AL	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
AR	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	1	0	0	0	0	3
AZ	2023	6	0	0	0	0	0	6
	2024	6	2	0	0	0	0	8
	2025	8	0	0	0	0	0	8
CA	2023	33	2	3	0	0	0	32
	2024	32	3	3	0	0	0	32
	2025	32	3	1	0	0	0	34
CO	2023	3	0	0	0	0	0	3
	2024	3	1	0	0	0	0	4
	2025	4	0	0	0	0	0	4
CT	2023	2	0	0	0	0	0	2
	2024	2	0	2	0	0	0	0
	2025	0	0	0	0	0	0	0
DC	2023	3	0	1	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
FL	2023	8	3	1	0	0	0	10
	2024	10	0	2	0	0	0	8
	2025	8	2	0	0	0	0	10
GA	2023	3	2	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	2	0	0	0	0	7
HI	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
ID	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of Year <sup>(2)</sup>
IL	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	1	0	0	0	0	5
IN	2023	2	0	0	0	0	0	2
	2024	2	2	0	0	0	0	4
	2025	4	0	0	0	0	0	4
KS	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
KY	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
LA	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	1	0	0	0	0	3
MA	2023	3	0	0	0	0	0	3
	2024	3	2	1	0	0	0	4
	2025	4	1	0	0	0	0	5
MD	2023	4	0	1	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
MI	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
MN	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
MO	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	0	0	0	0	0	3
MT	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
NE	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
NH	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of Year <sup>(2)</sup>
NJ	2023	3	2	0	0	0	0	5
	2024	5	2	1	0	0	0	6
	2025	6	0	2	0	0	0	4
NV	2023	3	1	0	0	0	0	4
	2024	4	1	0	0	0	0	5
	2025	5	2	1	0	0	0	6
NY	2023	20	0	6	0	0	0	14
	2024	14	0	1	0	0	0	13
	2025	13	0	1	0	0	0	12
NC	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	2	0	0	0	0	7
OH	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
OK	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5
OR	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
PA	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	1	0	0	0	0	5
RI	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
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
SD	2023	0	2	0	0	0	0	2
	2024	2	0	2	0	0	0	0
	2025	0	1	0	0	0	0	1
TN	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	2	0	0	0	0	4
TX	2023	15	1	0	0	0	0	16
	2024	16	4	0	0	0	0	20
	2025	20	3	0	0	0	0	23

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of Year <sup>(2)</sup>
UT	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
VA	2023	5	1	1	0	0	0	5
	2024	5	3	1	0	0	0	7
	2025	7	4	0	0	0	0	11
WA	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
WI	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Total	2023	149	23	13	0	0	0	159
	2024	159	30	13	0	0	0	176
	2025	176	27	5	0	0	0	198

1. The numbers are as of December 31<sup>st</sup> of each year.

**Table No. 4**  
**Status of Company-Owned Drybar Shops**  
**For Years 2023 to 2025<sup>(1)</sup>**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees <sup>(2)</sup>	Outlets at End of Year
Total	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

1. The numbers are as of December 31<sup>st</sup> of each year.

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**Table No. 5**  
**Projected Openings as of December 31, 2025<sup>(1)</sup>**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
CA	5	3	0
DE	1	1	0
FL	3	3	0
GA	2	2	0
IL	1	1	0
IN	1	0	0
KS	1	1	0
NH	1	1	0
NY	1	1	0
SC	1	1	0
TX	5	5	0
WA	1	1	0
<b>Total</b>	<b>23</b>	<b>20</b>	<b>0</b>

1. The numbers are as of December 31<sup>st</sup> of each year.

Exhibit D1 lists the names of all current franchisees and the addresses and telephone numbers of their Shops as of December 31, 2025.

Exhibit D2 also lists the name, city and state, and current business telephone number or the last known home telephone number of every franchisee who had a franchise agreement that was terminated, canceled or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Exhibit D3 lists the name, city and state and telephone numbers of all franchisees who have signed franchise agreements, but who have not yet opened a Shop as of December 31, 2025.

During the last 3 fiscal years, current and former franchisees have signed confidentiality clauses. In some instances, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with the Franchise System. You may wish to speak with current and former franchisees, but be aware that not all of them will be able to communicate with you.

We are not aware of any trademark-specific franchisee organization associated with our franchise.

Our predecessor established the Franchise Advisory Council (“FAC”) consisting of members of Franchisor’s management and franchisees. The FAC provides feedback and advice to us, and occasionally holds meetings focused on advertising and marketing, but does not have decision-making authority. The FAC typically meets on a monthly basis. Revised Bylaws were adopted, effective January 1, 2025. Pursuant to the revised Bylaws, the FAC consists of seven members, two appointed by us and five elected by franchisees. The FAC is an unincorporated association established under the laws of the State of Colorado. It does not have its own address telephone number, email address or web address.

## **ITEM 21. FINANCIAL STATEMENTS**

Attached as Exhibit E to this Disclosure Document are Steele Pomp’s audited financial statements for the fiscal years ended December 31, 2025, December 31, 2024, and December 31, 2023. Steele Pomp’s and our fiscal year ends on December 31. Steele Pomp is a parent of ours as noted in Item 1.

Steele Pomp absolutely and unconditionally guarantees the performance of our obligations under the Franchise Agreement and other agreements into which we enter. A copy of Steele Pomp’s guaranty is included in Exhibit E.

## **ITEM 22. CONTRACTS**

Attached to this Disclosure Document are the following Exhibits:

- A. State Addenda and Agreement Riders
- B. Franchise Agreement and Exhibits
- C. Area Development Agreement and Exhibits
- G. Agreement and Conditional Consent to Transfer (including Sample of Release of Claims)
- H. Form of Renewal Addendum (including Sample of Release of Claims)

## **ITEM 23. RECEIPTS**

Attached as the last two pages of this Disclosure Document are duplicate Receipt pages to be signed by you. Keep one for your records and return the other one to us.

**EXHIBIT A**

**STATE ADDENDA AND AGREEMENT RIDERS**

The following are additional disclosures for the Franchise Disclosure Document of DB Franchise, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

**ADDENDUM TO DB FRANCHISE, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF CALIFORNIA**

1. The Disclosure Document is supplemented by the following language.

Neither we nor any person or franchise broker identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The Disclosure Document is supplemented by the following language.

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

3. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 et seq.).
4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the agreement. This provision may not be enforceable under California law.
5. The Franchise Agreement requires you to waive your right to a trial by jury. This provision may not be enforceable under California law.
6. The California Corporations Code, Section 31125 requires us to give you 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.
7. You must sign a general release if you transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
8. 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 of competitive brands that we control.
9. **THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH A COPY OF THE DISCLOSURE DOCUMENT.**

10. OUR WEBSITE ([www.drybarshops.com](http://www.drybarshops.com)) 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](http://www.dfpi.ca.gov).
  
11. 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.

**ADDENDUM TO DB FRANCHISE, LLC  
DISCLOSURE DOCUMENT  
FOR THE STATE OF HAWAII**

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

**THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

**ADDENDUM TO DB FRANCHISE, LLC  
DISCLOSURE DOCUMENT  
FOR THE STATE OF ILLINOIS**

The State Cover Page of this disclosure document is amended by adding the following:

1. Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement may provide for arbitration outside Illinois.
2. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning non-renewal and termination of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.
3. In conformance with Section 41 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.
4. Illinois law shall apply to and govern the Franchise Agreement.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO DB FRANCHISE, LLC  
DISCLOSURE DOCUMENT  
FOR THE STATE OF MARYLAND**

The State Cover Page of this disclosure document is amended by adding the following risk factor:

**Pricing:** We may periodically set a maximum or minimum price that you may charge for products and services offered by your Shop.

Item 17 of this disclosure document is amended to include the following:

1. The Summary column of 17 (c) and (m) is modified as follows:  
  
A general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. The Summary column of 17 (h) is modified as follows:  
  
A provision in the Franchise Agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. The Summary column of 17 (v) is modified as follows:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
5. 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.

**ADDENDUM TO DB FRANCHISE, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MINNESOTA**

1. The following is added to the Disclosure Document:

Under Minnesota law and except in certain specified cases, we must give you 90 days' notice of termination with 60 days to cure. We also must give you at least 180 days' notice of its intention not to renew a franchise, and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Franchise Agreement is inconsistent with the Minnesota law, the Minnesota law will control.

To the extent that any condition, stipulation or provision contained in the Franchise Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with the Minnesota Franchises law, such condition, stipulation or provision may be void and unenforceable under the nonwaiver provision of the Minnesota Franchises Law.

Minn Stat §80C 21 and Minn Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Specifically, we cannot require you to consent to us obtaining injunctive relief; however, we may seek such relief through the court system.

Minn Rule 2860 4400J prohibits us from, requiring you to assent to a general release. To the extent that the Agreement requires you to sign a general release as a condition of renewal or transfer, the Franchise Agreement will be considered amended to the extent necessary to comply with Minnesota law.

Minn Stat §604 113 sets a cap of \$30 on fees to be paid to us if any check, draft, electronic or otherwise, is returned for insufficient funds.

2. The following paragraph is added to the Disclosure Document:

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.

**ADDENDUM TO DB FRANCHISE, LLC  
DISCLOSURE DOCUMENT  
FOR THE STATE OF NEW YORK**

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

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

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

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

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

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

- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

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

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

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

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

**ADDENDUM TO DB FRANCHISE, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**FOR THE STATE OF NORTH DAKOTA**

1. The following is added to the end of Note 23 in Item 6, entitled “Liquidated Damages”:

Under North Dakota law, a requirement that you consent to liquidated damages in the event of termination of the Franchise Agreement is considered unenforceable; however, we and you will enforce this provision to the maximum extent the law allows.

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

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. The following is added to the end of the “Summary” section of Item 17(r), entitled “Non-competition covenants after the franchise is terminated or expires”:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

4. The “Summary” section of Item 17(u), entitled “Dispute resolution by arbitration or mediation” is deleted and replaced with the following:

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

5. The “Summary” section of Item 17(v), entitled “Choice of forum” is deleted and replaced with the following:

You must sue us in Denver, Colorado, except that to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

6. The “Summary” section of Item 17(w), entitled “Choice of law” is deleted and replaced with the following:

Except as otherwise required by North Dakota law, the laws of the State of Colorado will apply.

7. The following paragraph is added to the Disclosure Document:

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.

**ADDENDUM TO DB FRANCHISE, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF RHODE ISLAND**

The following language will apply to Disclosure Documents issued in Rhode Island and be attached by addendum to Franchise Agreements issued in the state of Rhode Island.

If any of the provisions of this disclosure document (Risk Factor 1, Coverage Page, and (w) are inconsistent with §19-28 1-14 of the Rhode Island Franchise Investment Act, which states that a provision in an Franchise Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act, then said Rhode Island law will apply.

**ADDENDUM TO DB FRANCHISE, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF VIRGINIA**

1. In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended as follows:

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.

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

Any securities offered or sold by the franchisee as part of the Shop must either be registered or exempt from registration under Section 13 1-514 of the Virginia Securities Act.

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.

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE  
FRANCHISE AGREEMENT, THE DEVELOPMENT AGREEMENT, AND ALL RELATED  
AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** 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.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** 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.
16. **Questionnaires and Acknowledgments.** 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.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker,

franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

**PUERTO RICO ADDENDUM TO DB FRANCHISE, LLC  
DISCLOSURE DOCUMENT**

This Addendum relates to franchises sold in Puerto Rico. The disclosure document is amended as follows:

1. Item 1. You are responsible for reviewing and must comply with all laws, rules and regulations governing the operation of the Shop in your Protected Area, and obtain all permits and licenses necessary to operate the Shop.

2. Item 7. The estimated initial investment chart in Item 7 reflects estimates for franchised Drybar Shops based in the United States (excluding United States territories). Your estimated initial investment will likely differ from the amounts represented in that chart.

3. Item 11. You may receive a lesser benefit from the Brand Marketing Fund because the bulk of our advertising and marketing efforts from the Brand Marketing Fund will be concentrated in the United States.

4. Item 17. Item 17(g) and (h) are revised to reflect that any event of default described in those items are presumptively deemed to adversely and substantially affect our interests, and that your failure to comply with the requirements or obligations giving rise to the breach are essential obligations of the Franchise Agreement.

5. Item 20. There currently are no Drybar Shops in Puerto Rico.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE SPECIFIC RIDERS TO THE  
FRANCHISE AGREEMENT**

**ADDENDUM TO THE  
FRANCHISE AGREEMENT  
FOR USE IN HAWAII**

**THIS ADDENDUM** is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [FRANCHISEE], having its principal business address at [ADDRESS] (“Franchisee,” “you,” or “your”).

1. To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.
2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
4. 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 in connection with the franchise.
5. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**  
**DB FRANCHISE, LLC**

**FRANCHISEE:**  
**[NAME OF INDIVIDUAL OR ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [FRANCHISEE], having its principal business address at [ADDRESS] (“Franchisee,” “you,” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Drybar<sup>®</sup> Shop that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **ILLINOIS LAW.** The following paragraphs are added to the end of the Franchise Agreement and supersede any conflicting provisions in the Franchise Agreement:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

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

Franchisee’s rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS.** The following paragraph is added to the end of the Franchise Agreement:

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.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**  
**DB FRANCHISE, LLC**

**FRANCHISEE:**  
**[NAME OF INDIVIDUAL OR ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [FRANCHISEE], having its principal business address at [ADDRESS] (“Franchisee,” “you,” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Drybar® Shop that you will operate under the Franchise Agreement will be located in Maryland.

2. **RELEASES.** The following is added to the end of Sections 13.A. (“Your Right to Acquire a Successor Franchise”) and 12 (“Transfer”) of the Franchise Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

3. **ACKNOWLEDGMENTS.** The following is added to the end of Section 17.M. (“Construction”) of the Franchise Agreement:

Lastly, all representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

4. **TERMINATION.** The following sentence is added to the end of Section 14.B.(20) (“Termination by Us”) of the Franchise Agreement:

We and you acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **ARBITRATION.** The following is added to the end of Section 17.F. (“Arbitration”) of the Franchise Agreement:

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

6. **CONSENT TO JURISDICTION/GOVERNING LAW.** The following sentence is added to the end of Section 17.G. (“Governing Law”) and Section 17.H. (“Consent to Jurisdiction”) of the Franchise Agreement:

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR.** The following sentence is added to the end of Section 17.L. of the Franchise Agreement:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

8. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS.** The following paragraph is added to the end of the Franchise Agreement:

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

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**  
**DB FRANCHISE, LLC**

**FRANCHISEE:**  
**[NAME OF INDIVIDUAL OR ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [FRANCHISEE], having its principal business address at [ADDRESS] (“Franchisee,” “you,” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Drybar® Shop that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RENEWAL AND TERMINATION.** The following is added to the end of Sections 1.A. (“Grant and Term of Franchise”) and Section 14.B. (“Termination by Us”) of the Franchise Agreement:

However, 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 of non-renewal of this Agreement.

3. **RELEASES.** The following is added to the end of Section 12.C.(3) (“Conditions for Approval of Transfer”), Section 12.D. (“Transfer to a Wholly Owned Entity”), Section 13.A.(5) (“Your Right to Acquire a Successor Franchise”), and Section 15.E. (“Our Right to Purchase Your Shop”) of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **MARKS.** The following sentence is added to the end of Section 5.E. (“Indemnification for Use of Marks”) of the Franchise Agreement:

Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, costs or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

5. **LIQUIDATED DAMAGES.** The following language is added to the end of Section 15.B. of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

6. **GOVERNING LAW.** The following statement is added at the end of Section 17.G. of the

Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 17.H. of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

8. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Section 17.I. (“Waiver of Punitive Damages and Jury Trial”) of the Franchise Agreement is deleted.

9. **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR**. The following is added to the end of Section 17.L. of the Franchise Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

10. **INJUNCTIVE RELIEF**. Section 17.J. of the Franchise Agreement is deleted in its entirety and modified as follows:

Nothing in this Agreement, including the provisions of Section 17.F., bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). A court will determine if a bond is required.

11. **REMEDIES OF PARTIES ARE CUMULATIVE**. The following language is added to the end of Section 17.E. of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400(J). However, we and you agree to enforce the provision to the extent the law allows.

12. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS.** The following paragraph is added to the end of the Franchise Agreement:

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.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**  
**DB FRANCHISE, LLC**

**FRANCHISEE:**  
**[NAME OF INDIVIDUAL OR ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [FRANCHISEE], having its principal business address at [ADDRESS] (“Franchisee,” “you,” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Drybar® Shop that you will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES.** The following is added to the end of Section 2.C. (“Relocation”), Section 13.A. (“Your Right to Acquire a Successor Franchise”), and Section 12 (“Transfer”) of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **RESTRICTIVE COVENANTS.** The following is added to the end of Section 15.F. (“Covenant Not to Compete”) of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **LIQUIDATED DAMAGES.** The following language is added to the end of Section 15.B. of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

5. **ARBITRATION.** The first paragraph of Section 17.F. of the Franchise Agreement is amended to read as follows:

“Except for injunctive relief and actions for amounts that you owe us, we and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to:

- (a) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates);
- (b) our relationship with you;

- (c) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section 17.F., which we and you acknowledge is to be determined by an arbitrator, not a court); or
- (d) any System Standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the “AAA”). The arbitration proceedings will be conducted by 1 arbitrator and, except as this Section otherwise provides, according to the AAA’s then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our then-current principal place of business (currently, Denver, Colorado); provided however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site at which we and you mutually agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator’s awards may be entered in any court of competent jurisdiction.”

6. **GOVERNING LAW.** Section 17.G. of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, and except as otherwise required by North Dakota law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Colorado without regard to its conflict of laws rules; except that (1) any law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, and (2) the enforceability of those provisions of this Agreement which relate to restrictions on you and your owners’ competitive activities will be governed by the laws of the state in which your business is located.

7. **CONSENT TO JURISDICTION.** The following is added to the end of Section 17.H. of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

8. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** If and then only to the extent required by the North Dakota Franchise Investment Law, Section 17.I. (“Waiver of Punitive Damages and Jury Trial”) of the Franchise Agreement is deleted.

9. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS.** The following paragraph is added to the end of the Franchise Agreement:

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.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**  
**DB FRANCHISE, LLC**

**FRANCHISEE:**  
**[NAME OF INDIVIDUAL OR ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [FRANCHISEE], having its principal business address at [ADDRESS] (“Franchisee,” “you,” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Drybar® Shop that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **CONSENT TO JURISDICTION / GOVERNING LAW.** The following language is added to the end of Sections 17.G. (“Governing Law”) and 17.H. (“Consent to Jurisdiction”) of the Franchise Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.” To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**  
**DB FRANCHISE, LLC**

**FRANCHISEE:**  
**[NAME OF INDIVIDUAL OR ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**PUERTO RICO ADDENDUM TO DB FRANCHISE, LLC  
FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in Puerto Rico. The Franchise Agreement is amended as follows:

1. No Translation Duty. The Franchise Agreement is amended to add Section 4.L. as follows:

We will provide this Agreement, reports and other communications, and all services hereunder in the English language and will not have a duty to provide any translation or interpreter services for you or any of your personnel.

2. Advertising. Section 9.D. of the Franchise Agreement is amended to provide that you acknowledge and agree that you may receive lesser benefit from the Brand Marketing Fund because the Shop is located outside of the United States where the bulk of our advertising and marketing efforts from the Brand Marketing Fund will be concentrated.

3. Default and Termination. Section 14.B. of the Franchise Agreement is amended to provide that you acknowledge and agree that any event of default described in Section 14.B. of the Franchise Agreement is presumptively deemed to adversely and substantially affect our interests, and that your failure to comply with the requirements or obligations giving rise to the breach are essential obligations of the Franchise Agreement.

4. Arbitration. Section 17.F. of the Franchise Agreement is amended to provide that any arbitration proceedings must be conducted in the English language.

5. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms. All capitalized terms not defined in this Addendum have the respective meanings set forth in the Franchise Agreement.

FRANCHISOR:  
DB FRANCHISE, LLC,  
a Delaware limited liability company

FRANCHISEE:

By \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE SPECIFIC RIDERS TO THE  
AREA DEVELOPMENT AGREEMENT**

**ADDENDUM TO THE DB FRANCHISE, LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN HAWAII**

**THIS ADDENDUM** is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [DEVELOPER], having its principal business address at [ADDRESS] (“Developer,” “you,” or “your”).

1. To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

3. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

4. 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 in connection with the franchise.

5. This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

**FRANCHISOR:**  
**DB FRANCHISE, LLC**

**FRANCHISEE:**  
**[NAME OF INDIVIDUAL OR ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE DB FRANCHISE, LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [DEVELOPER], having its principal business address at [DEVELOPER] (“Developer,” “you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in Illinois and the Drybar® Shops that you will operate and develop under the Area Development Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **ILLINOIS LAW.** The following paragraphs are added to the end of the Area Development Agreement and supersede any conflicting provisions in the Area Development Agreement:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

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

3. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS.** The following paragraph is added to the end of the Area Development Agreement:

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.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

**FRANCHISOR:**  
**DB FRANCHISE, LLC**

**DEVELOPER:**  
**[NAME OF INDIVIDUAL OR ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE DB FRANCHISE, LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [DEVELOPER], having its principal business address at [DEVELOPER] (“Developer,” “you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Drybar® Shops that you will operate and develop under the Area Development Agreement will be located in Maryland.

2. **RELEASES.** The following is added to the end of Section 6.B(6) (“Transfer”) of the Area Development Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

3. **TERMINATION OF AGREEMENT.** The following sentence is added to the end of Section 7.A (“Events of Termination”) of the Area Development Agreement:

We and you acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **ARBITRATION.** The following is added to the end of Section 9.A (“Arbitration”) of the Area Development Agreement:

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

5. **CONSENT TO JURISDICTION / GOVERNING LAW.** The following sentence is added to the end of Section 9.B (“Governing Law”) and Section 9.C (“Consent to Jurisdiction”) of the Area Development Agreement:

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **LIMITATIONS OF CLAIMS.** The following sentence is added to the end of Section 9.F of the Area Development Agreement:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

7. **ACKNOWLEDGMENTS.** The following is added as new Section 11 of the Area Development Agreement:

11. **ACKNOWLEDGMENTS.** Lastly, all representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

8. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS.** The following paragraph is added to the end of the Area Development Agreement:

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

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

**FRANCHISOR:**  
**DB FRANCHISE, LLC**

**DEVELOPER:**  
**[NAME OF INDIVIDUAL OR ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE DB FRANCHISE, LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [DEVELOPER], having its principal business address at [DEVELOPER] (“Developer,” “you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the Drybar® Shops that you will operate and develop under the Area Development Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in Minnesota.

2. **TERMINATION OF AGREEMENT.** The following is added to the end of Section 7.A of the Area Development Agreement:

However, 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 of non-renewal of this Agreement.

3. **RELEASES.** The following is added to the end of Section 6.B(6) (“Transfer By You”) of the Area Development Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **GOVERNING LAW.** The following statement is added at the end of Section 9.B of the Area Development Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

5. **CONSENT TO JURISDICTION.** The following sentence is added to the end of Section 9.C of the Area Development Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

6. **WAIVER OF PUNITIVE DAMAGES, JURY TRIAL, AND CLASS ACTIONS.** If and then only to the extent required by the Minnesota Franchises Law, Section 9.D of the Area Development Agreement is deleted.

7. **INJUNCTIVE RELIEF.** Section 9.E of the Area Development Agreement is deleted in its entirety and modified as follows:

Nothing in this Agreement, including the provisions of Section 9.A, bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). A court will determine if a bond is required.

8. **LIMITATIONS OF CLAIMS.** The following is added to the end of Section 9.F of the Area Development Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

9. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS.** The following paragraph is added to the end of the Area Development Agreement:

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

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

**FRANCHISOR:**  
**DB FRANCHISE, LLC**

**DEVELOPER:**  
**[NAME OF INDIVIDUAL OR ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE DB FRANCHISE, LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [DEVELOPER], having its principal business address at [DEVELOPER] (“Developer,” “you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Drybar® Shops that you will operate and develop under the Area Development Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in North Dakota.

2. **RESTRICTIVE COVENANTS DURING TERM.** The following is added to the end of Section 7.C(1) (“Non-Competition”) of the Area Development Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

3. **RELEASES.** The following is added to the end of Section 6.B(6) (“Transfer By You”) of the Area Development Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. **ARBITRATION.** The first paragraph of Section 9.A of the Area Development Agreement is amended to read as follows:

“We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to

- (a) this Agreement or any other agreement between you and us;
- (b) our relationship with you; or
- (c) the scope and validity of this Agreement or any other agreement between you and us or any provision of any of such agreements (including, but not limited to, the validity and scope of the arbitration obligations under this Section 9.A which we and you acknowledge is to be determined by an arbitrator, not a court),

must be submitted for binding arbitration, on demand of either party, to the American Arbitration

Association. The arbitration proceedings will be conducted by 1 arbitrator and, except as this Section otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in or within 50 miles of our then-current principal place of business (currently, Denver, Colorado); provided, however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et seq.*). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction."

5. **GOVERNING LAW.** Section 9.B of the Area Development Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et seq.*). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other United States federal law, and except as otherwise required by North Dakota law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Colorado without regard to its conflict of laws rules; except that (1) any law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, and (2) the enforceability of those provisions of this Agreement which relate to restrictions on you and your owners' competitive activities will be governed by the laws of the state in which your Drybar® Shop is located.

6. **CONSENT TO JURISDICTION.** The following is added to the end of Section 9.C of the Area Development Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

7. **WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTIONS.** If and then only to the extent required by the North Dakota Franchise Investment Law, Section 9.D of the Area Development Agreement is deleted.

8. **LIMITATION OF CLAIMS.** The following is added to the end of Section 9.F of the Area Development Agreement:

The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

9. **STATEMENTS, QUESTIONNAIRES, AND ACKNOWLEDGMENTS.** The following paragraph is added to the end of the Area Development Agreement:

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.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

**FRANCHISOR:**  
**DB FRANCHISE, LLC**

**DEVELOPER:**  
**[NAME OF INDIVIDUAL OR ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE DB FRANCHISE, LLC  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with our principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“Franchisor,” “we,” “us,” or “our”) and [DEVELOPER], having its principal business address at [DEVELOPER] (“Developer,” “you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Drybar® Shops that you will operate and develop under the Area Development Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in Rhode Island.

2. **GOVERNING LAW / CONSENT TO JURISDICTION.** The following is added at the end of Sections 9.B (“Governing Law”) and 9.C (“Consent to Jurisdiction”) of the Area Development Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “a provision in a [Area Development 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.” To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Area Development Agreement.

**FRANCHISOR:**  
**DB FRANCHISE, LLC**

**DEVELOPER:**  
**[NAME OF INDIVIDUAL OR ENTITY]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**DB FRANCHISE, LLC**  
**FRANCHISE AGREEMENT**

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**FRANCHISE OWNER**

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**SHOP ADDRESS**

---

**SHOP NAME**

---

**SHOP NUMBER**

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**AGREEMENT DATE**

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Exhibit B	Search Territory / Premises, Protected Area & Initial Franchise Fee
Exhibit C	Representations and Acknowledgment Statement
Exhibit D	Guaranty and Assumption of Franchisee’s Obligations
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## FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (the “**Agreement**”) is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company, with its principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”) as of the date signed by us and set forth opposite our signature on this Agreement (the “**Effective Date**”).

### INTRODUCTION

A. We and our affiliates have acquired the license to use and to sublicense the use of (and continue to develop and modify) a system and franchise opportunity to establish, operate and promote upscale shops that offer hairstyling services in a spa-like setting and also hairstyling services provided at off-site locations under the Marks (as defined below) and other related services and products (“**Shops**”).

B. We and our affiliates use and promote, and license others to use and promote, certain trademarks, service marks, and other commercial symbols in operating Shops, which have gained and will continue to gain public acceptance and goodwill, and we may create, use, and license other trademarks, service marks, and commercial symbols to identify the Shops (collectively, the “**Marks**”).

C. Shops will offer the services and goods we authorize, and use our distinctive business formats, business system, methods, procedures, signs, designs, layouts, standards, specifications, and the Marks, all of which we may improve, further develop, or otherwise modify from time to time (collectively, the “**Franchise System**”).

D. We grant franchises to persons who meet our qualifications and are willing to undertake the investment and effort to own and operate Shops, and you have applied and been approved for a franchise to own and operate a Shop.

### 1. GRANT OF FRANCHISE.

#### A. Grant and Term of Franchise.

Subject to this Agreement’s terms, we grant you a franchise to use the Franchise System and the Marks to operate a Shop (“**your Shop**”) at the specific address and location identified on **Exhibit B** (the “**Premises**”). If the Premises has not been determined as of the Effective Date, the Premises will be selected in accordance with Section 2.A., provided that the Premises is located within the “**Search Territory**” set forth on **Exhibit B**.

The term of this Agreement begins on the Effective Date and expires ten (10) years from that date, unless sooner terminated as provided herein.

You agree at all times faithfully, honestly, and diligently to perform your obligations under this Agreement and to use your best efforts to promote your Shop. You may use the Premises only for your Shop. You agree not to conduct the business of your Shop at any site other than the Premises.

You agree and represent that you and such persons as we designate, which, if you are an Entity, as such term is defined below), may include the spouses of your owners, and any parent entity or trust that possesses an ownership interest in you, will execute an agreement, in the form set forth in **Exhibit D** (the

“**Guaranty**”), under which such persons undertake personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us.

**B.** Corporation, Limited Liability Company, or Partnership.

If you are a corporation, limited liability company, or general or limited partnership (collectively, an “**Entity**”), you agree and represent that:

- (1) you are validly existing and in good standing under the laws of the state in which you were formed, and have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements;
- (2) your organizational documents state that this Agreement restricts the issuance and transfer of any of your ownership interests, and all certificates and other documents representing your ownership interests will bear a legend referring to this Agreement’s restrictions;
- (3) **Exhibit A** to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date. Subject to our rights and your obligations under Section 12, you and your owners agree to sign and deliver to us a revised **Exhibit A** to reflect any changes in your ownership information;
- (4) the owner listed on **Exhibit A** who is a natural person with at least a twenty-five percent (25%) ownership interest and voting power in you, with the authority to take legally binding actions on your behalf, and who we approve, will act as your “**Operating Partner**”. Except as otherwise set forth in Section 12.F., in the event that:  
(a) your Operating Partner ceases to own at least a twenty-five percent (25%) ownership interest and voting interest in you; (b) your Operating Partner resigns or otherwise indicates to us or to you that he or she wishes to cease acting as Operating Partner; or (c) we disapprove of your Operating Partner at any time, you must designate a new Operating Partner (whom we must approve) within thirty (30) days of the change in ownership or disapproval and deliver to us a revised **Exhibit A** to accurately identify the Operating Partner for our review and approval;
- (5) you agree that the Operating Partner is authorized to deal with us on your behalf for all matters whatsoever that may arise with respect to this Agreement. Any decision made by the Operating Partner will be final and binding on you, and we will be entitled to rely solely on the decision of the Operating Partner without discussing the matter with any other party. We will not be held liable for any actions based on any decision or actions of the Operating Partner; and
- (6) your Shop will be the only business that such entity operates, unless we approve you to acquire and operate additional Shops pursuant to additional franchise agreements between us and you.

**C.** Your Protected Area.

Except as provided in this Agreement, and subject to your compliance with this Agreement, neither we nor any affiliate of ours shall establish or authorize any person or entity to establish a Shop using the Marks and the Franchise System within the “**Protected Area**” assigned to you in **Exhibit B** during the term of this Agreement. The Protected Area will be defined by a circular geographic area around your

Premises with its center point located at the front door of the Premises. Generally, the Protected Area will have a radius of one and one-half (1.5) miles, unless otherwise specified, in our sole discretion, in **Exhibit B.** The license granted to you under this Agreement is personal in nature, may not be used at any location other than your Shop, does not include the right to sell products or services identified by the Marks at any location other than at your Shop, and does not include the right to sell products or services identified by the Marks through any other channels of distribution, including the Internet (or any other existing or future form of electronic commerce). You will not have the right to subfranchise or sublicense any of your rights under this Agreement.

**D. Territorial Rights We Reserve.**

You acknowledge and agree that the franchise granted under this Agreement is non-exclusive. Other than your Protected Area, you have no territorial protection and we (and our affiliates) retain all rights with respect to the placement of Shops and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities, without compensation to you. These rights include:

- (1) the right to establish and operate, and allow others to establish and operate, other Shops and other businesses using the Marks or the Franchise System, at any location outside the Protected Area, and on any terms and conditions we approve;
- (2) the right to establish and operate, and allow others to establish and operate, additional concepts or businesses providing products or services similar to those provided at Shops anywhere in the world, including within your Protected Area, under any trade names, trademarks, service marks and commercial symbols other than the Marks;
- (3) the right to establish, and allow others to establish, other distribution channels (including the internet, retail stores, gift cards, or distribution or fulfillment centers) wherever located or operating, including within your Protected Area, regardless of the nature or location of the clients, and regardless of the trade names, trademarks, service marks or commercial symbols used by such business, which may include the Marks and/or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Shops, and which may distribute or sell products and/or services that are identical or similar to, and/or competitive with, those that Shops customarily sell under any terms and conditions we approve;
- (4) offer and sell (and grant others to offer and sell) goods and services to clients located anywhere, including within your Protected Area;
- (5) the right to establish and operate, and allow others to establish and operate, other Shops and other businesses using the Marks or the Franchise System, at Captive Market Locations. “**Captive Market Locations**” are airports or other transportation terminals, sports facilities, parks and recreation areas, medical campuses, college and university campuses, corporate campuses, a department within an existing retail store, hotels, or other similar types of locations that have a restricted trade area located within the geographic boundaries of the Protected Area.
- (6) the right to acquire the assets or ownership interests of one or more businesses providing products or services similar to those provided at Shops (including those which would constitute Competitive Businesses as defined in Section 7.A.), and franchise, license, or create similar arrangements with respect to these businesses once

acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operated (including within your Protected Area);

- (7) the right to be acquired or become controlled (regardless of the form of transaction) by a business providing products or services similar to those provided at Shops, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses;
- (8) operate or grant any third party the right to operate any Shops that we or our designees acquire as a result of the exercise of a right of first refusal or purchase right that we have under this Agreement or any other franchise agreement; and
- (9) engage in all other activities not expressly prohibited by this Agreement.

With respect to the acquisitions referenced in subsections (6) and (7) above, you acknowledge and agree that any Competitive Businesses that are acquired (or that are operated by a company that acquires us) may be converted into Shops that operate under the Marks, regardless of their location, including Competitive Businesses that are located within your Protected Area on the date of the acquisition.

## 2. DEVELOPMENT AND OPENING OF THE SHOP

### A. Site Selection.

The Search Territory identified in **Exhibit B** of this Agreement is the area in which you will focus your efforts to find an acceptable location for your Shop. We are identifying the Search Territory for the sole purpose of facilitating the orderly development of the market, and not for purposes of granting you any exclusivity or protection within the Search Territory. If you request to amend the Search Territory set forth in **Exhibit B**, and we agree to such amendment, we reserve the right to charge you an administrative fee of \$1,000 concurrently with executing documentation to effectuate the amended Search Territory within **Exhibit B**.

We must approve the Premises. If the location for the Premises is not specified on **Exhibit B** as of the Effective Date, then you must submit to us a complete report for a site you propose for your Shop, which must be located within the Search Territory. Unless you have our prior written approval to search for a proposed site outside of your Search Territory, all site reports that you submit to us must be for a site within your Search Territory. Your report must contain the documents and information we require, including a description of the proposed site, and a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site. We may also require that you hire a commercial real estate broker that we designate, which may be one of our affiliates, to assist you with the site-selection process. You must participate in all calls or meetings we specify during the site-selection process. We will provide one feasibility and two revised feasibilities for a proposed site for your Shop at no charge, but following such three feasibilities, you must pay us \$250 for each additional feasibility we generate in connection with evaluating proposed sites for your Shop.

We have the right to accept or reject all proposed sites, including any sites identified by any of our designees. We will use reasonable efforts to accept or reject the proposed site within thirty (30) days after receiving your complete report. You must obtain our acceptance of the Premises within one hundred and twenty (120) days of the Effective Date. After we approve a site, and after you secure the site, we will insert the address on the cover page of this Agreement and into **Exhibit B** and it will be the Premises.

You acknowledge and agree that your acceptance of a site is based on your own independent investigation of the site's suitability for your Shop. Neither the information we give you regarding a site for the Premises (including any recommendations) nor the assistance we or our representatives provide you in selecting the site, constitutes a representation or warranty of any kind, express or implied, of the site's suitability for your Shop or any other purpose. Our recommendations and assistance indicate only that we believe that the site and location meet our then-acceptable criteria.

**B. Lease of Site.**

You must obtain our written approval of your Shop's proposed site before signing any lease, sublease, or other document for the Premises (the "**Lease**"). We also must approve the terms of the Lease before you sign it. The Lease must contain certain provisions we require, including a collateral assignment of the lease, pursuant to the form of lease rider attached as **Exhibit E** ("**Lease Rider**"). It is your sole responsibility to obtain a fully executed Lease Rider in connection with executing your Lease. Our approval of your Lease is subject to our receipt of the Lease Rider in the form attached as **Exhibit E**, without modification or negotiation, executed by you and the landlord. If you or the landlord request that we consider any modifications to the Lease Rider, and we elect to do so, we may also require you to reimburse us all expenses that we incur (including attorneys' fees and costs) in connection with such review. We may also reject any request for modifications to the Lease Rider for any reason.

Our approval of the Lease does not constitute a guarantee or warranty, express or implied, of the success or profitability of your Shop operated at the Premises. Our approval and assistance indicate only that we believe that the Lease's terms meet our then-acceptable criteria. You must submit to us a signed copy of the executed Lease and Lease Rider within one hundred eighty (180) days of the Effective Date.

**C. Relocation**

You may not relocate your Shop to a location other than the Premises without our prior written approval. Our decision on whether to approve or deny a relocation request will be based on our then-current standards for approving relocation requests, which may include a variety of factors, including the viability of the proposed location within the existing Shop's designated market area (as determined by us) and the availability of alternative locations. We will endeavor to provide a written response to any relocation request within thirty (30) days of receiving your written request. If we allow you to relocate your Shop, you must pay us a relocation fee of \$10,000 at the time we approve your request, the relocation will be subject to the site selection and lease provisions set forth in this Agreement, you will relocate the Shop at your sole expense, and you must cooperate with us to preserve client goodwill with impacted clients (including by issuing full or partial refunds or otherwise facilitating their migration to nearby Shops which can fulfill services and paying any costs and fees to us associated with such migration).

**D. Development and Construction of Your Shop.**

You are responsible for developing the Premises. If you need to secure financing to complete your development obligations, you agree to do so independently and at your own expense.

You acknowledge and agree that any site surveys generated by us or our approved architects and/or contractors are not intended to imply or guarantee the success or profitability of your Shop.

You are required to use one of our approved architects, engineering, and design vendors in developing and constructing your Shop. If we approve an exception to the requirement that you use one of our approved architects, engineering, and design vendors, you must pay us an architectural exception request fee of \$2,500.

We will give you (or if we have designated an approved supplier to develop design specifications for your Shop, we will give that approved supplier) mandatory and suggested specifications for the Premises, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. Throughout the development and construction of the Premises, we will review your plans and specifications for compliance with our design requirements. We may additionally advise you from time to time regarding the construction bidding process and other aspects of developing and constructing the Premises. You must send us any revisions of plans or specifications before such revisions are implemented.

If we approve an exception to the requirement that you use one of our approved signage vendors for your Shop's signage, you must pay us a signage exception request fee of \$1,500 to review the signage fabrication drawings.

Notwithstanding any site construction and development activities and guidance we provide, you shall remain responsible for developing, constructing, and decorating the Premises at your own expense according to plans and specifications approved by us and in accordance with the requirements of the Lease and applicable law. You (or your Operating Partner), and any applicable Designated Manager, agree to communicate with us through the development process, provided updates of the development process in the frequency we require, and attend all development-related meetings that we require.

If you wish to refurbish or remodel the Premises during the term of the Agreement, you must obtain our approval for your proposed plans and specifications.

It is your responsibility to ensure all required construction plans and specifications comply with the Americans with Disabilities Act (“**ADA**”) and all other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions, and that the Premises complies with such laws and regulations.

#### **E. Operating Assets.**

Before you open your Shop, you agree to obtain and install the fixtures, furniture, equipment, components of the Computer System (as defined in Section 2.F.), and signs that we approve for Shops as meeting our specifications and standards for quality, design, appearance, function, and performance (collectively, “**Operating Assets**”). You agree to purchase or lease the brands, types, and models of Operating Assets that we designate or approve. You agree to purchase or lease the Operating Assets only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates).

#### **F. Computer System.**

You agree to obtain and use the computer hardware, sales and scheduling software, point-of-sale system, other operating software, applications, platforms and existing or future technology components we specify from time to time (collectively, the “**Computer System**”). We may replace or modify all or partial components of the Computer System from time to time and you agree to implement our replacements or modifications after you receive notice from us at your expense. We may periodically require you to purchase, lease, and/or license new or modified components of the Computer System and to obtain service and support for the Computer System.

You must obtain and install the Computer System, and ensure that the Computer System is functioning properly, before your Shop opens.

During the Agreement's term, you must pay for any: (a) proprietary software, applications, or other technology that we, our affiliates or third-party designees license to you; and (b) other maintenance and support services that we, our affiliates or third-party designees provide. You may be required to sign a license agreement or similar document as a condition of licensing certain proprietary software, applications, or other technology that we or our affiliates designate, develop, or maintain and such agreements may further regulate your use of such software, applications or other technology while establishing the parties' respective rights and responsibilities.

The Computer System must give us and our affiliates access to all information generated by the Computer System, including pricing information and Client Information (as defined in Section 6.A.) for your Shop. At our request, you agree to sign a release with any vendor of your Computer System providing us with unlimited access to your data.

You are solely responsible for acquiring, operating, maintaining, and upgrading: (1) the Computer System; (2) the connectivity of your Computer System (including the point-of-sale system); and (3) third-party interfaces between the Computer System and our and any third party's computer system. You are solely responsible for any and all consequences if the Computer System is not properly operated, maintained, and upgraded. You also are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures or attacks.

**G.** Telephone Numbers and Social Media Accounts.

You agree that each telephone or facsimile number, directory listing, social media presence, and any other type of contact information used by or that identifies or is associated with your Shop (collectively, "**Contact Identifiers**") will be used solely to identify your Shop in accordance with this Agreement. You are required to execute the form of Assignment of Contact Identifiers and Online Presences attached as **Exhibit G** to grant us with full power and control over the Contact Identifiers and Online Presences upon any termination or expiration of this Agreement.

**H.** Shop Opening.

You may not open your Shop until you have received our written approval and the following has occurred:

- (1) we notify you in writing that your Shop meets our standards and specifications (although our acceptance is not a representation or warranty, express or implied, that your Shop complies with applicable laws, ordinances, rules, regulations, or other requirements);
- (2) You (or your Operating Partner) and any manager or assistant manager we require, satisfactorily complete the Training Program (defined in Section 4.A.);
- (3) You satisfactorily complete the Pre-Opening Activities (as defined and described in Section 9.A.);
- (4) you pay the Initial Franchise Fee and all other amounts then due to us;
- (5) you give us certificates for all required insurance policies (as described in Section 8.J.);

- (6) you obtain all required supplies and opening inventory for your Shop;
- (7) you obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services;
- (8) you hire the equivalent of at least ten (10) full-time hair stylists and a Shop Educator (as defined in Section 4), subject in all instances to the licensure and background check requirements set forth in Section 8.I., in anticipation of your Shop's opening;
- (9) you submit a completed trade area survey and a proposed advertising and marketing plan for approval (as described in Section 9.B.);
- (10) you meet all regulatory requirements, including all state and local professional regulations; and
- (11) you are otherwise in compliance with the terms of this Agreement.

Subject to your compliance with these conditions, you agree that you must open your Shop for full use by clients within twelve (12) months of the Effective Date (the "**Shop Opening Deadline**").

The date that your Shop first opens for business for full use by clients shall be referred to herein as the "**Opening Date.**" Starting on the Opening Date, you must operate your Shop continuously for the remainder of the term of this Agreement during the minimum business hours we require.

### **3. FEES.**

#### **A. Initial Franchise Fee.**

You agree to pay us a nonrecurring initial franchise fee in the amount of \$50,000, unless otherwise specified in **Exhibit B** (the "**Initial Franchise Fee**") when you sign this Agreement. The Initial Franchise Fee must be paid as a lump sum by wire transfer and is fully earned by us upon execution of this Agreement and is non-refundable.

#### **B. Royalty Fee.**

You agree to pay us a monthly royalty fee (the "**Royalty**") equal to seven percent (7%) of your Shop's Gross Receipts during the preceding month. We reserve the right, upon notice to you, to collect the Royalty on a weekly, rather than monthly, basis. The Royalty will be due on the dates we determine from time to time, which is currently on the 5<sup>th</sup> day of each month. If the date on which a Royalty payment would otherwise be due is not a business day, then payment shall be due on the next business day.

For purposes of this Agreement, "**Gross Receipts**" include all of your revenue and receipts, including those taken by cash, credit card, debit card, check, electronic funds transfer, ACH, trade, barter or exchange. Gross Receipts also include: (a) any other means of revenue derived from the operations of your Shop, including the sale of Memberships (as defined in Section 8.L.), merchandise, or any products or services that are sold by you, whether sold at the Premises or from an off-Premises location; (b) all revenue from the sale or redemption of Gift Cards (as defined in Section 8.N.), in accordance with our then-current System Standards; and (c) the gross amount of any business interruption or similar insurance payments. Gross Receipts exclude: (i) sales, use or privilege taxes paid to the appropriate taxing authority; (ii) refunds that are provided to clients (not including chargebacks); and (iii) tips received from clients for payment to your employees.

You shall not charge clients any additional fees or service charges not authorized by us, including convenience fees, gift card conversion fees, credit card fees, service fees, or other surcharges.

**C. Technology Fee & Set-Up Fees.**

We require you to pay a fee to us, or a service provider we designate (which may be one of our affiliates), for technology-related services, including website or email hosting, help desk support, software or website development, enterprise solutions and other services associated with your Computer System and/or any Franchise System Website (as defined in Section 9.F.) (a “**Technology Fee**”). The Technology Fee is currently \$775 per month, payable by ACH (as defined in Section 3.G.) on the first day of each calendar month, beginning two (2) months prior to your Shop’s opening. We may modify the amount of your Technology Fee upon thirty (30) days’ written notice. You must pay the Technology Fee at the times, and in the manner, designated by the provider of such services. We may require you to enter into a written agreement with the provider of any technology services, under terms and conditions we approve. If we travel to your Shop to provide any technological support and/or installation services, you must also reimburse us for the costs we incur for such site visit, including travel, food and lodging. Prior to opening your Shop, you will be required to pay us a software set-up fee of \$499 and a national Gift Card program set-up fee of \$75, each payable by ACH. During the term of this Agreement, you must additionally pay our then-current media licensing fees for media content shown or played in your Shop, which we may collect from you to pay the licensor of such content.

**D. Interest on Late Payments.**

All amounts that you owe us for any reason will bear interest accruing as of their original due date at one-and-one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. We may debit your bank account automatically for transaction charges and interest. You acknowledge that this Section 3.D. is not our agreement to accept any payments after they are due or our commitment to extend credit to you or otherwise finance the operation of your Shop.

**E. Default Fee**

If you are in default of this Agreement and we send you a default notice, you must pay us a fee between \$250 and \$2,500 in consideration for our administrative expenses.

**F. Application of Payments.**

Despite any designation you make, we may apply any of your payments to us or our affiliates to any of your past due indebtedness to us or our affiliates. We may set off any amounts you owe us or our affiliates against any amounts we or our affiliates owe you. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

**G. Method of Payment.**

You must make all payments due under this Agreement in the manner we designate from time to time and you agree to comply with all of our payment instructions. You hereby authorize us and/or any third party we designate to debit your business checking account automatically (sometimes referred to as “**ACH**” or “**auto-debit**”) for any or all amounts due under this Agreement (the “**Automatic Bank Draft Authorization**”). You agree to execute and deliver to us any document(s) we require to evidence the Automatic Bank Draft Authorization. Our current form of Automatic Bank Draft Authorization is attached hereto as **Exhibit F**, which will remain in full force and effect during the term of this Agreement and any successor franchise terms. We or our designee will debit the business account you designate in the

Automatic Bank Draft Authorization for amounts you owe us on their due dates (or the subsequent business day if the due date is a national holiday or a weekend day). You must have one sole designated business account for your Shop for all payments received from clients and for all payments to be made to us. You agree to ensure that funds are available in your designated account to cover our withdrawals. You shall pay us a fee of \$150 each time: (a) we attempt to debit your business account and your account is inaccessible; (b) we receive a notice of insufficient funds; or (c) you write us a check that is returned, cancelled, or dishonored. You must sign and deliver to us a revised **Exhibit F** to reflect any changes in your business checking account information at least three (3) business days prior to the next scheduled ACH due to us.

We may receive information regarding your Gross Receipts through our access to the Computer System or we may require you to submit monthly (or more frequent) Gross Receipts reports in the format we require. If we ever stop having access to information from your Computer System, and you fail to report your Shop's Gross Receipts when due, then for each payment due under this Agreement that is calculated based on Gross Receipts, we may debit your business account one hundred ten percent (110%) of the average of the last three (3) applicable payments that we debited. If the amounts that we debit from your business account are less than the amounts you actually owe us (once we have determined your Shop's true and correct Gross Receipts), we will debit your business account for the balance on any day we specify. If the amounts that we debit from your business account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your business account on the next payment due date.

#### **4. TRAINING AND ASSISTANCE.**

##### **A. Initial Training.**

Before the Opening Date (or before you take possession of an existing Shop), you (or your Operating Partner) and your Designated Manager (as defined in Section 8.H.) must attend and satisfactorily complete our initial training program (the "**Training Program**"). You (or your Operating Partner) and your Designated Manager may attend the Training Program without charge. We reserve the right to later require Designated Managers to complete the manager training program described in Section 8.F. below in lieu of completing the Training Program.

Training Program participants must complete the Training Program to our satisfaction no later than ten (10) weeks before the Opening Date.

If you are acquiring an existing Shop, you must satisfactorily complete the first available Training Program offered by us after you sign this Agreement; provided, however, this requirement will not apply if, as of the Effective Date, you (or your Operating Partner) currently operate another Drybar® shop and previously completed the Training Program within the preceding five (5) years.

You may invite additional employees to attend the Training Program if space allows, though we reserve the right to charge you our then-current training fee for each additional individual (currently, \$500 per attendee, plus costs). We reserve the right to limit the number of additional attendees for the Training Program. We reserve the right to require any other personnel from your Shop to attend the Training Program.

We will provide the Training Program at the times and locations we determine. We reserve the right to vary the Training Program based on the experience and skill level of the individual(s) attending. You may be required to complete the Training Program, in whole or in part, and receive styling services at another Drybar® shop.

You may also request that we provide any portion of the Training Program on-site at your Shop, and we will determine whether to provide such portion of the Training Program on-site. If we provide any portion of the Training Program on-site at your Shop, we reserve the right to charge our then-current training fee (including our trainers' travel and living expenses as further described in Section 4.J.).

If we provide any portion of the Training Program more than one time, we may charge you our then-current training fee for any training that we have previously provided to at least one trainee associated with you. We may also elect not to provide any portion of the Training Program more than once.

**B. Failure to Complete the Training Program.**

If you (or your Operating Partner) or your Designated Manager (if applicable), or any other personnel required by us, fail to satisfactorily complete the Training Program, then we reserve the right to require such individual to attend remedial training and you may be required to pay us our then-current training fee for such remedial training (currently, \$500 per attendee, plus costs). Remedial training will be provided at a time and location of our choice. If you (or your Operating Partner), or any manager and/or assistant manager required by us (including any applicable Designated Manager), are unable to satisfactorily complete the remedial training, we reserve the right to terminate this Agreement.

**C. Training Program for Replacement Operating Partner or Designated Manager.**

If you appoint a new Operating Partner or Designated Manager, he or she may be required to attend our then-current Training Program within ninety (90) days of the appointment date and you may be required to pay us our then-current training fee (currently, \$500 per attendee, plus costs), unless we determine that you are sufficiently trained to provide a comparable substitute training program to such new Operating Partner or Designated Manager. If we permit you to train any Operating Partner or Designated Manager yourself, you must provide such training according to our then-current standards and specifications, and we must determine that such Operating Partner or Designated Manager has been adequately trained prior to providing any services at your Shop. If we determine that any Operating Partner or Designated Manager that you trained is not sufficiently trained to provide services at your Shop, we may require such person attend our Training Program and you may be required to pay us our then-current training program fee. If we determine that you are (or your Operating Partner is) sufficiently trained to provide a comparable substitute training program to any Designated Manager, we may elect not to make the Training Program available to such person until the next time our Training Program would otherwise be offered.

**D. Shop Educators, Sales Training Series, and Personnel Training.**

You must hire, and at all times maintain, a "Shop Educator" at your Shop who has completed our Shop Educator training program (the "**Shop Educator Program**"). You must hire a Shop Educator no later than eight (8) weeks prior to opening your Shop and your Shop Educator must complete the Shop Educator Program no later than four (4) weeks prior to opening your Shop. The Shop Educator that you hire will be trained on Drybar® techniques, product and tool utilization, and training techniques for the hair stylists that you hire for your Shop.

We reserve the right to charge our then-current training fee for the Shop Educator Program however, we do not charge a training fee for your initial Shop Educator. We will provide the Shop Educator Program at the times and locations we determine. We reserve the right to vary the Shop Educator Program based on the experience and skill level of the individual(s) attending.

We may periodically modify our requirements for attending the Shop Educator Program and our System Standards related to the Shop Educator role within the Franchise System.

If you replace or otherwise appoint a new Shop Educator, you must notify us and your anticipated new Shop Educator will be required to attend the first available Shop Educator Program offered by us following their appointment date and you may be required to pay us our then-current training fee for the Shop Educator Program.

You (or your Operating Partner), any applicable Designated Manager, and your front desk personnel will be required to participate in a sales training series comprised of four (4) calls, each expected to take an hour, conducted virtually prior to and following your Shop's Opening Date or after you take possession of an existing Shop (the "**Sales Training Series**"). We will provide the Sales Training Series at the times and locations we determine. We reserve the right to vary the Sales Training Series based on the experience and skill level of the individual(s) attending and whether you are instead acquiring an existing Shop.

Except as otherwise set forth herein, you are responsible for providing a training program concerning the operation of your Shop in accordance with our System Standards for all your employees other than the attendees of the Training Program and Shop Educator Program. All employees must pass the program, to your satisfaction, prior to providing services at your Shop. We reserve the right to approve the length and content of all training programs you provide to your employees and to require specific mandatory training programs for certain job positions to ensure compliance with our System Standards, including but not limited to mandatory training programs for your hair stylists, front desk personnel, and managers (including any Designated Manager).

We may periodically modify our System Standards related to Shop positions within the Franchise System.

As further explained in Section 4.E., we may offer or require additional training programs for you or your employees from to time and you may be required to pay us our then-current training fee for such programs.

**E. Annual Conferences & Regional Meetings; Other Training Courses, Programs, and Events.**

You (or your Operating Partner) and any applicable Designated Manager are required to attend any scheduled annual franchise owner conferences. You will be required to pay our then-current registration fee for each attendee no later than sixty (60) days prior to the scheduled annual conference. If you do not timely pay the then-current registration fee for each attendee, and unless you obtain a written attendance waiver from us, we reserve the right to collect via ACH the then-current registration fee for at least one attendee on behalf of your Shop. If you do not attend, we may additionally charge you a default fee (as set forth in Section 3.E.) for failing to attend.

We may require you (or your Operating Partner) to attend regional meetings for franchise owners. These annual conferences and regional meetings will be held when we determine at locations we designate.

We may require you and/or certain other employees of your Shop (including any applicable Designated Manager) to attend or otherwise complete various in-person or electronic training courses, trade shows, ongoing education or certification programs, franchisor-sponsored performance groups, and/or webinars at the times and locations designated by us, including courses and programs provided by third parties we designate. You may be required to pay fees to third-parties or pay us our then-current training fee for such courses and programs.

**F. Manager Training Program.**

Before or after the Opening Date, based on the factors we determine, we may offer you (or your Operating Partner) and any applicable Designated Manager the opportunity to attend a manager training program. If we offer such training and you elect to attend such training, you may be required to pay us our then-current training fee (currently, \$500 per day per attendee, plus costs). We do not currently require attendance and completion of this manager training program, but we may do so in the future.

**G. On-Site Opening Assistance for New Shops.**

Prior to opening your Shop, we will send a training team we determine (which may be comprised of only one (1) person) for up to four (4) days (which may not be consecutive) to your Shop to assist you with training your employees to ensure compliance with our System Standards (the “**Pre-Opening Training**”). You (or your Operating Partner), any applicable Designated Manager, your Shop Educator (together, the “**Shop Management Team**”), and all staff members must attend the Pre-Opening Training. The Shop Management Team will be responsible for facilitating the Pre-Opening Training, with assistance provided by our training team. The Pre-Opening Training must be completed prior to opening the Shop.

We may additionally send an operations team we determine (which may be comprised of only one (1) person) for up to a four (4) days (which may not be consecutive) to your Shop to assist you with final suggestions on your Shop and provide on-site advice, guidance, and initial operations support.

If any required individual fails to attend or complete the Pre-Opening Training to our satisfaction, we may delay your Shop’s opening until such training is completed and require you to pay our then-current training fee (including our trainers’ travel and living expenses as further described in Section 4.J.) for any additional, repeat, or remedial training. You are solely responsible for all losses, costs, or damages resulting from any delay in your Opening Date due to failure to complete the Pre-Opening Training. If any member of the Shop Management Team is unable to attend or satisfactorily complete the Pre-Opening Training, we reserve the right to terminate this Agreement.

This Section 4.G. does not apply if you are acquiring an existing Shop.

**H. On-Site Assistance for Existing Shops Following Transfer.**

If you are acquiring an existing Shop, we will provide certain virtual advice, guidance, and initial operations support.

We may, but are not obligated to, send a training team we determine (which may be comprised of only one (1) person) to your Shop for up to three (3) days (which may not be consecutive) based on factors we determine. If we choose to provide such a training team, you may be required to temporarily close the Shop to facilitate such on-site training. If we do not choose to provide such a training team or if you would like additional on-site support, you may request such additional or special support for our then-current training fee as further described in Section 4.I. below.

**I. General Guidance; Additional or Special Training.**

We may advise you from time to time regarding your Shop’s operation based on your reports or our inspections. We may guide you with respect to: (1) standards, specifications, and operating procedures and methods that Shops use, including, facility appearance, client-service procedures, and quality control; (2) equipment and facility maintenance; (3) inventory management and working with suppliers; (4) advertising, marketing and branding strategies; and (5) administrative, accounting, reporting and record

retention. Such guidance will be furnished in the form of our Operations Manual (as defined in Section 4.K.). We may also provide guidance virtually or via telephonic conversations and/or consultation at our offices and we may require you to participate in certain calls or meetings we specify.

If you request, and we agree to provide, additional or special guidance, assistance, or training, we may charge you our then-current training fee (currently, \$500 per day per attendee or trainer, depending on the training to be provided), including our travel and living expenses as further described in Section 4.J.

We reserve the right to periodically visit the Premises and evaluate your Shop, including on an unannounced basis as further set forth in Section 11.A.

#### **J.** Travel and Living Expenses.

You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you (or your Operating Partner) or any employee or manager (including any applicable Designated Manager) incurs during any and all meetings and/or training courses and programs. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to your Shop to conduct training, including food, lodging and transportation.

#### **K.** Operations Manual.

During the term of this Agreement, we will provide you with electronic access to a copy of our manual for the operation of Shops, which may include one or more separate manuals, as well as information available on an internet site, other electronic media, bulletins and/or other written materials (collectively, the "**Operations Manual**"). The Operations Manual contains the mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for operating a Shop ("**System Standards**"), other specifications, standards and procedures that we suggest, and information on your other obligations under this Agreement. Any mandatory specifications, standards, operating procedures, and rules exist to protect our interests in the Franchise System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. We may modify the Operations Manual at any time.

If there is a dispute over its contents, our master copy of the Operations Manual shall control. You agree that the Operations Manual's contents are confidential and that you will not disclose the Operations Manual to any person other than any employee of yours who needs to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual.

You agree to keep your copy of the Operations Manual current and in a secure location at your Shop. At our option, we may post some or all of the Operations Manual on a restricted website or extranet to which you will have access. If we do so, you agree to monitor and access the website or extranet for any updates to the Operations Manual. Any passwords or other digital identifications necessary to access the Operations Manual on a website or extranet will be deemed to be part of Confidential Information (as defined in Section 6 below).

### **5. MARKS.**

#### **A.** Ownership and Goodwill of Marks.

We or our affiliate own all right, title and interest in and to certain Marks, and a third party (the "**Third-Party IP Owner**") owns all right, title and interest in and to the other Marks. Your right to use the Marks is derived only from this Agreement and is limited to the operation of your Shop according to this

Agreement and all System Standards we prescribe during the term of this Agreement. Your unauthorized use of the Marks constitutes a breach of this Agreement and infringes our, our affiliate's, or the Third-Party IP Owner's rights in the Marks. Your unauthorized use of the Marks will cause us, our affiliate, and the Third-Party IP Owner irreparable harm for which there is no adequate remedy at law and will entitle us to injunctive relief. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our, our affiliate's, and the Third-Party IP Owner's benefit and this Agreement does not confer any goodwill or other interests in the Marks to you (other than the right to operate your Shop under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after this Agreement's term contest, or assist any other person in contesting, the validity, ownership, distinctiveness, or enforceability of the Marks.

**B. Limitations on Your Use of Marks.**

You agree to use the Marks as your Shop's sole identification, except that you agree to identify yourself as its independent owner and operator in the manner we prescribe. You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any website, domain name, email address, social media account, other online presence or presence on any electronic medium of any kind (each an "**Online Presence**"), except in accordance with our guidelines set forth in the Operations Manual or otherwise in writing from time to time, (5) in advertising the transfer, sale, or other disposition of your Shop or an ownership interest in you without our prior consent, (6) in connection with any tobacco products, pornography or other obscene or profane materials, gambling, firearms, ammunition or materials that depict or glorify violence, or (7) in any other manner that we have not expressly authorized in writing. You agree to display the Marks prominently as we prescribe at your Shop and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

**C. Notification of Infringements and Claims.**

You agree to notify us immediately of any known, actual, suspected, threatened, or apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any possible infringement, challenge, or claim. You may not settle any claim without our written consent. We may take any action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your reasonable costs of taking any action that we have asked you to take.

**D. Discontinuance of Use of Marks.**

We may at any time require you to modify or discontinue using any Mark and/or use one or more additional or substitute Marks. You agree to replace the Marks at your Shop with the modified, additional, or substitute Marks we specify and comply with all other directions we give regarding the Marks at your Shop within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark. Our rights in this

Section 5.D. apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. You acknowledge both our right to take this action and your obligation to comply with our directions.

**E.** Indemnification for Use of Marks.

We agree to reimburse you for all damages and expenses that you incur in responding to any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of the proceeding and complied with our directions in responding to it and have used the Marks in accordance with the terms of this Agreement. We will not pay any of your attorneys' costs or fees if you hire your own attorney. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

**F.** Third-Party IP Owner's Brand Usage Guidelines.

Notwithstanding anything to the contrary in this Agreement, in the event of a conflict between any terms governing your use of the Marks pursuant to this Agreement or the Operations Manual and the brand usage guidelines issued by the Third-Party IP Owner, as such guidelines may be revised from time to time (the "**Brand Usage Guidelines**"), the terms of the Brand Usage Guidelines will take precedence over the conflicting terms of this Agreement or the Operations Manual.

**6.** CONFIDENTIAL INFORMATION.

**A.** Confidential Information.

We or the Third-Party IP Owner possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "**Confidential Information**"), relating to developing and operating Shops, including:

- (1) training and operations materials, including the Operations Manual and Brand Usage Guidelines;
- (2) the System Standards and other methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Shops;
- (3) market research, promotional, marketing and advertising strategies and programs for Shops;
- (4) strategic plans, including expansion strategies and targeted demographics;
- (5) knowledge of, specifications for and suppliers of, and methods of ordering, Operating Assets and other products and supplies;
- (6) any computer software or similar technology which is proprietary to us or the Franchise System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
- (7) knowledge of the operating results and financial performance of Shops (other than your Shop);

- (8) information generated by, or used or developed in, your Shop's operation, including information relating to clients such as client names, addresses, telephone numbers, email addresses, buying habits, preferences, demographic information and related information, and any other information contained from time to time in the Computer System ("**Client Information**"); and
- (9) any other information designated as confidential or proprietary by us.

All Confidential Information will be owned by us or the Third-Party IP Owner. You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating your Shop during this Agreement's term, and that Confidential Information is proprietary, includes our trade secrets and those of the Third-Party IP Owner, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you and your owners:

- (a) will not use Confidential Information in any other business or capacity and the use or duplication of any Confidential Information in any other business or capacity would constitute an unfair method of competition;
- (b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement's term and then thereafter;
- (c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;
- (d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including by restricting its disclosure and/or by requiring persons who have access to the Confidential Information to execute confidentiality and non-solicitation agreements in a form that we approve; and
- (e) will not sell, trade or otherwise profit in any way from the Confidential Information, except using methods approved by us.

Confidential Information does not include information, knowledge, or know-how, which: (i) before we provided it to you, lawfully came to your attention, (ii) before we disclosed it to you, had already lawfully become known to you through publication or communication by others (without violating an obligation to us or our affiliates), or (iii) after we disclosed it to you, lawfully becomes known through publication or communication by others (without violating an obligation to us or our affiliates). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

All ideas, concepts, techniques, or materials relating to a Shop, or derivative works based on the Marks or any Confidential Information, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our or the Third-Party IP Owner's sole and exclusive property, part of the Franchise System, and works made-for-hire for us or the Third-Party IP Owner. To the extent that any item does not qualify as a "work made-for-hire" for us or the Third-Party IP Owner, you hereby assign ownership of that item, and all related rights to that item, to us or the Third-Party IP Owner and agree to take whatever action (including signing assignment or other documents) we or the Third-Party IP Owner request to evidence our or its ownership or to help us or it obtain intellectual property rights in the item.

**B. Trade Secrets.**

You understand and agree that you will come into possession of certain of our or the Third-Party IP Owner's trade secrets concerning the manner in which Shops conduct business including: methods of doing business or business processes; strategic business plans; customer lists and information; marketing and promotional campaigns; and any other materials clearly marked or labeled as trade secrets. You agree that the forgoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to us or the Third-Party IP Owner. You agree that you derive independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by another person. You agree to take reasonable measures, as we may describe further in the Operations Manual, to keep such information secret. Upon termination of this Agreement, you must not use, sell, teach, train, or disseminate in any manner to any other person, firm, corporation, or association any trade secret pertaining to our business and/or the manner in which it is conducted.

**7. EXCLUSIVE RELATIONSHIP DURING TERM.**

**A. Covenants Against Competition.**

You acknowledge that we have granted you a franchise in consideration of and reliance on your agreement to deal exclusively with us. You therefore agree that, during this Agreement's term, neither you, any of your owners, nor any of your or your owners' immediate family members will:

- (1) have any direct or indirect controlling or non-controlling ownership interest as an owner (whether of record, beneficially, or otherwise) in a Competitive Business (as defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);
- (2) act as a director, officer, manager, employee, consultant, lessor, representative, or agent for a Competitive Business, wherever located or operating;
- (3) divert or attempt to divert any actual or potential business or client of your Shop to a Competitive Business; or
- (4) engage in any other activity which might injure the goodwill of the Marks and Franchise System.

You agree to obtain similar covenants from your personnel as we specify, including officers, directors, managers and other employees attending our Training Program or having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

The term "**Competitive Business**" means any business (excluding any Shops operated under a franchise agreement with us or our affiliates) operating, or granting, franchises or licenses to others to operate: (i) any retail establishment providing hair-care services (including, without limitation, any of the following: haircutting, hair coloring, blow-drying, hair styling, washing); and/or (ii) any business that offers or sells products or educational materials, or conducts workshops, that are the same as or similar to products, educational materials, and workshops, offered by us or other Shops.

**B. Non-Interference.**

You further agree that, during the term of this Agreement, neither you, any of your owners, nor any of your or your owners' immediate family members will solicit, interfere, or attempt to interfere with our or our affiliates' relationships with any clients, vendors, or consultants.

**C. Non-Disparagement.**

You agree not to (and to use your best efforts to cause your current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to): (i) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, the Third-Party IP Owner, any of our, our affiliates', or their directors, officers, employees, representatives or affiliates, the "Drybar" brand, the Franchise System, any Shop, any business using the Marks, or (ii) take any other action which would, directly or indirectly, subject the "Drybar" brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us or the "Drybar" brand.

**8. SYSTEM STANDARDS.**

**A. Compliance with System Standards.**

You acknowledge and agree that operating and maintaining your Shop according to our System Standards is essential to preserve the goodwill of the Marks and all Shops. Therefore, you agree, at all times, to operate and maintain your Shop according to all of our System Standards, as we periodically modify and supplement them, even if you believe that a System Standard is not in the Franchise System's or your best interests. Although we retain the right to establish and periodically modify System Standards, you are solely responsible for the management and operation of your Shop and for implementing and maintaining System Standards at your Shop.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 8.B. through 8.N. below:

- (1) amounts and types of equipment and inventory you must purchase and/or maintain;
- (2) sales, marketing, advertising, and promotional campaigns, including prize contests, sweepstakes, special offers and other national, regional or location marketing programs, and any materials and media to be used in these programs (including but not limited to the programs described in Section 9.G.);
- (3) if we require you to offer any off-site services, the methods you use to operate, offer, and sell such services;
- (4) use and display of the Marks at your Shops and on uniforms, labels, forms, paper, products, and other supplies;
- (5) issuing and honoring gift cards, gift certificates and similar items, and participating in loyalty card programs;
- (6) pre-opening and ongoing staffing levels for your Shop; and employee credentials and qualifications, training, dress, and appearance (although you have sole responsibility

and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions);

- (7) days and hours of operation;
- (8) client-service standards and policies, and participation in Quality Assurance Inspections (as defined in Section 8.B.);
- (9) product and service development programs, including required participation in market research and testing;
- (10) participation in, and dues assessed for, advisory councils;
- (11) accepting cash, credit and debit cards, other payment systems, and check-verification services (and any evolutions or “next generations” of any of the foregoing payment methods);
- (12) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and
- (13) any other aspects of operating and maintaining your Shop that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Shops.

**B. Variation and Modification of System Standards.**

You acknowledge that complete and detailed uniformity might not be possible or practical under varying conditions, and that we specifically reserve the right to vary System Standards for any franchise owner as we determine. We may choose not to authorize similar variations or accommodations to you or other franchise owners. We may also permit variations in the System Standards between Shops owned by us (or our affiliates) and Shops owned by franchisees.

We will periodically modify System Standards. These modifications may obligate you to invest additional capital in your Shop and/or incur higher operating costs. You agree to implement any changes in System Standards within the time period we specify, whether they involve refurbishing or remodeling your Shop, buying new Operating Assets, adding new products and services, adding personnel or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date.

We may require you, at your expense, to conduct or engage mystery shopper services, client surveys, client satisfaction programs, other market research tests, or quality-assurance inspections at your Shop (collectively, “**Quality Assurance Inspections**”).

**C. Condition and Appearance of Your Shop.**

During the term of this Agreement, you must regularly clean, repaint, and repair the interior and exterior of the Premises, repair or replace damaged, worn-out, or obsolete Operating Assets, and otherwise maintain the condition of your Shop, the Premises, and the Operating Assets to meet the highest standards of professionalism, cleanliness, sanitation, efficiency, courteous service, and pleasant ambiance.

You will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve.

**D. Approved Products and Services.**

You agree that: (1) you will offer for sale or sell at your Shop only the products and services that we specify from time to time; (2) you will offer for sale or sell at your Shop approved products and services only in the manner and at the locations we have prescribed and will not sell any products or services wholesale or through alternative channels of distribution (including, the internet or retail stores); (3) you will offer for sale or sell at your Shop all products and services that we require, and may offer for sale or sell at your Shop those certain products and services that we deem as optional; and (4) you will not offer for sale or sell at your Shop, the Premises or any other location any products or services we have not approved (including any off-site services we have not authorized); (5) you will discontinue selling and offering for sale at your Shop any products or services that we at any time decide to disapprove; (6) you will purchase and use only the brands, types, or models of products, materials, supplies and services (including the Operating Assets and the Computer System) that we designate for operating your Shop; and (7) your Shop will provide services and sell products only on the days and during the hours approved by us.

If we at any time (including after our initial approval) determine that you fail to meet our System Standards for providing any products or services that we require, we may permanently or temporarily terminate your right to offer such products or services; provided that nothing contained herein shall be deemed a waiver of our right to terminate pursuant to Section 14.

**E. Approved Distributors and Suppliers.**

We may designate, approve or develop standards and specifications for manufacturers, distributors and suppliers of products and services to your Shop, which may be us or our affiliates (collectively, “**suppliers**”). You must purchase the products and services we periodically designate only from the suppliers we prescribe and only on the terms and according to the specifications we approve. We may designate a single supplier for any product, service (including digital marketing and advertising services), Operating Asset, or other material, or approve a supplier only for certain products, and you understand and agree that we or our affiliate(s) may be one of, or the sole, designated suppliers. We may establish commissaries and distribution facilities owned and operated by us or our affiliates that we may designate as an approved supplier.

You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases (including from charging you for products and services we or our affiliates provide to you and from promotional allowances, rebates, volume discounts and other payments, services or consideration we receive from suppliers that we designate or approve for some or all of our franchise owners). We and/or any of our affiliates may use such revenue or profit without restriction.

Unless we designate certain items or services used in the development or operation of your Shop that you may purchase from a supplier of your choosing, you must purchase those items or services only from suppliers that are then approved by us. If you would like us to consider approving a supplier that is not then approved, you must submit your request in writing before purchasing any items or services from that supplier. We will not be obligated to respond to your request or make our specific criteria available to you, and we may require that you pay us a fee to compensate us for the time and resources we spend in evaluating the proposed supplier (which may be set forth in the Operations Manual and vary depending on our administrative expenses in evaluating the request and its complexity). Approval of a supplier may be conditioned on any factors we determine, including but not limited to requirements relating to product

quality, prices, consistency, reliability, financial capability, labor relations, and standards of service. We may require you, at your expense, to submit samples, documentation, or other materials for review in evaluating the supplier. We may, with or without cause, revoke our approval of any supplier or otherwise revise our supplier approval process at any time. If we revoke our approval for a supplier, you must immediately stop using and purchasing items or supplies from such supplier.

**F. Compliance with Laws and Good Business Practices.**

You must secure and maintain all required licenses, permits and certificates relating to your Shop and must, at all times, operate your Shop in full compliance with all applicable laws, ordinances, and regulations. You agree to comply and assist us in our compliance efforts with any and all laws and regulations, including those relating to truth-in-lending, safety and sanitation, truth-in-advertising, occupational hazards, health and anti-discrimination laws, liquor licensing laws (if applicable to your Shop), and anti-terrorist activities (including the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations). In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Shop as may be required by us or by law. You confirm that you and your owners are not listed in the Annex to Executive Order 13224 and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities (as provided in Section 16.D.) apply to your obligations under this Section 8.F.

You and your employees must adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with fellow franchise owners, clients, suppliers, us and the public. You agree to refrain from any business or advertising practice which may injure our business and the goodwill associated with the Marks and other Shops. You must timely pay all third-party suppliers when due, including landlords and lenders. Except as otherwise set forth in the Operations Manual, you must notify us in writing within five (5) days of the threat of or commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of your Shop and of any notice of violation of any law, ordinance, or regulation relating to your Shop.

**G. Information Security.**

You must implement all administrative, physical and technical safeguards required under applicable law or that we require 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**”), which includes complying with then-current Payment Card Industry Data Security Standards currently found at [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org), or any similar or subsequent standard, for the protection of cardholder data throughout the term of this Agreement. By way of example and not limitation, you shall institute a data privacy and security policy at your Shop to safeguard the Personal Information. No assistance, guidance, standards or requirements that we provide you constitute a representation or warranty of any kind, express or implied, that your Shop or business is compliant with federal, state, or local privacy and data laws, codes, or regulations, or acceptable industry standards. It is your responsibility to confirm that the safeguards you use to protect Personal Information comply with all laws and industry best practices related to the collection, access use, storage, disposal and disclosure of Personal Information.

If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you must notify us immediately and specify the extent to which Personal Information was compromised or disclosed. We reserve the right to conduct a data security and privacy audit of your Shop and your Computer System at any time, from time to time, to ensure that you are complying with our requirements for handling Personal Information. You shall pay the cost of such audit. You agree to cooperate with us fully during this audit. If we exercise any of these rights, we will not interfere unreasonably with your Shop's operation.

#### **H. Management of Your Shop.**

Subject to the terms and conditions of this Agreement, you are solely responsible for the management, direction and control of your Shop. However, you (or your Operating Partner) may elect not to supervise your Shop on a full-time basis, provided that you appoint a manager who has completed our then-current Training Program (or alternatively, the manager training program described in Section 4.F. as we may determine) to work full-time at your Shop (your "**Designated Manager**"). Your Designated Manager must supervise the management and day-to-day operations of your Shop and continuously exert their best efforts to promote and enhance your Shop and the goodwill associated with the Marks. You must identify your Designated Manager on **Exhibit A**. If you intend to appoint a Designated Manager prior to the Shop's Opening Date, you must do so at least ten (10) weeks prior to such date in order for your initial Designated Manager to attend and complete the Training Program in a timely manner. If you elect not to appoint a Designated Manager, your Designated Manager's employment at your Shop is terminated, or we disapprove your Designated Manager at any time, you (or your Operating Partner) must immediately assume the full-time responsibilities of supervising the management and day-to-day operations of your Shop and continuously exert your best efforts to promote and enhance your Shop and the goodwill associated with the Marks pursuant to the terms of this Agreement. You must notify us of any changes to your Designated Manager's employment as set forth in the Operations Manual.

#### **I. Employees, Agents, and Independent Contractors.**

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your Shop. You agree that any employee, agent or independent contractor that you hire will be your employee, agent or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Shop in compliance with federal, state, and local employment laws. Any best practices or sample resources we provide related to the foregoing employment matters are optional and for recommendation purposes only.

You must perform, and the employee must successfully complete, background checks (meeting the standards we set forth in the Operations Manual) for all employees you hire and update such background checks as specified in the Operations Manual.

You must ensure that all your hair stylists are properly licensed (if required in your jurisdiction) and have adequate insurance, including professional liability insurance or its equivalent.

#### **J. Insurance.**

During the term of this Agreement, you must maintain in force at your sole expense general liability, professional liability, cyber-liability, motor vehicle liability, property, worker's compensation, employment practices liability, and other types of insurance we require. We may require that you obtain all

of your insurance policies from a vendor we specifically designate and on the terms and according to the specifications we approve. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your Shop's operation or activities of your personnel in the course of their employment (within and outside your Shop and the Premises). All policies must contain the minimum coverage we prescribe from time to time and must have deductibles not to exceed the amounts we specify. The current minimum coverage requirements are included within the Operations Manual. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate).

Other than employment practices coverage, the policies must be occurrence policies, and not claims-made policies. Each insurance policy for liability coverage must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved, and provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration. The insurance coverage shall be primary and non-contributory to any coverage we may have, whether pursuant to or independent of this Agreement. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. Within 30 days of securing the required insurance, you must provide copies of your Certificates of Insurance, insurance policy endorsements, and other evidence of your maintaining this insurance coverage and paying premiums. Thereafter, you must provide annually, copies of your Certificates of Insurance, insurance policies endorsements, and other evidence that you are maintaining the required insurance coverage.

Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for your Shop's operations. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Shop that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances. No insurance coverage that you or any other party maintains will be deemed a substitute for your indemnification obligations under Section 16.D. or otherwise.

#### **K. Pricing.**

Subject to applicable law, we may periodically set a maximum or minimum price that you may advertise for products and services offered by your Shop. If we impose a maximum advertised price for any product or service, you may not advertise a higher price for the product or service than the maximum advertised price we impose. If we impose a minimum advertised price for any product or service, you may not advertise a lower price for such product or service than the minimum advertised price we impose. Further, you must comply with any advertising policy we adopt which may prohibit you from advertising any price for a product or service that is different than our suggested retail price.

#### **L. Membership Sales.**

You must offer and sell rights of access to your Shop, referred to as a "**Membership**" or "**Memberships**." All Memberships must be evidenced by a written agreement (a "**Membership Agreement**") and may not be for a term that extends beyond the expiration of this Agreement. When selling Memberships, you will use the form of Membership Agreement that we will provide to you, and you will not make any modifications in the forms without our prior written consent. Notwithstanding the foregoing, you acknowledge that you are responsible for ensuring that the Membership Agreements comply with all

applicable laws and you may modify the Membership Agreements to the extent necessary to comply with such applicable laws, provided that you provide us with immediate written notice of all such modifications. We may modify the types and terms of Memberships to be offered, terminate your right to offer certain types of Memberships, and/or approve or require other types of Memberships for sale at any time, including before your Shop opens for business.

You will only offer for sale the Memberships in strict compliance with our System Standards. These System Standards may regulate, among others, the following topics: (1) the types and terms of Memberships you may offer; (2) the form(s) of Membership Agreement; (3) the terms and conditions upon which a client may transfer their Membership from your Shop to another Shop and vice versa; (4) admission of clients of your Shop to other Shops, or vice versa, including payment allocations due to Shops which provide services; (5) procedures to follow when clients transfer to or from your Shop; (6) use and acceptance of coupons, passes, and certificates; (7) group accounts and group Memberships (and discounts applicable thereto); and (8) payment terms for Memberships.

You agree, upon notice from us, to accept any Memberships we assign to you, honor those Memberships on the terms and conditions of the existing Membership Agreements, and to accept as remuneration only such payments as accrue pursuant to the applicable Membership Agreement from the time of assignment.

**M. Audio Entertainment.**

You must play the types of music we require. You must acquire or install any audio equipment that we designate or require for use by your Shop and subscribe to music services as we may periodically specify to enable you to broadcast music and other content as specified by us from time to time. We may prohibit you from displaying, exhibiting, broadcasting or providing any media we choose, regardless of content, including prohibiting use of political, religious, or social content in such media.

**N. Gift Cards and Loyalty Programs.**

You must participate in all gift card, gift certificate, loyalty card, promotional card, award card, or other similar prepaid card, code or other device (collectively, “**Gift Cards**”) programs and loyalty programs we periodically establish or approve for Shops, including but not limited to cross-promotional Gift Card and loyalty programs with our affiliated brands. You acknowledge and agree that we may charge you a fee in connection with your participation in these programs, which may include the cost of any third-party vendor commissions or fees incurred by us in connection with the programs. You must purchase Gift Cards from our designated suppliers and must use and honor Gift Cards only in the manner we designate and require. We may establish and periodically modify System Standards for calculating Gross Receipts for revenue associated with Gift Cards. Participation in loyalty programs may require you to honor redemption policies that we implement from time to time, which may require you to provide services or products without charge or to reimburse other Shops for services and products provided by them. Participation in Gift Card and loyalty programs may further require you to enter into written agreements with designated suppliers under terms and conditions we approve for purposes which may include, but are not limited to, enabling your Shop to enroll in and process transactions related to such programs.

**O. Prize Promotions.**

We may develop contests, sweepstakes, and other prize promotions from time to time and we will communicate to you in writing the details of each such program or promotion and you shall display all point-of-sale advertising and promotion-related information at such plans within the Shop as we may designate.

**P.** Promotional Literature.

You must purchase and distribute all coupons and other collateral merchandise (including products to be given away as a free gift with purchase) designated by us for use in connection with any Gift Card programs, loyalty programs, or contests, sweepstakes, or other prize promotions we periodically establish or approve for Shops. You must display at the Shop all promotional literature and information as we may reasonably require from time to time. This may include, among other things, displaying signage or other literature containing information about Drybar® franchise opportunities.

**9.** MARKETING.

**A.** Grand Opening Spend Requirement, Pre-Opening Activities, and Re-Opening Activities.

No later than ten (10) days after the date that you sign an approved Lease for the Premises, you must pay to us (by ACH) or a third-party vendor that we designate (via their preferred payment method), as we direct, the amount of \$20,000 as a non-refundable grand opening spend fee (the “**Grand Opening Spend Requirement**”). We will determine the allocation and payment method of the Grand Opening Spend Requirement and advise you as to whom to make payment. If you are purchasing an existing Shop, the Grand Opening Spend Requirement will be due no later than ten (10) days after the date you take possession of the Shop. We will use the Grand Opening Spend Requirement to advertise, market, and promote your Shop using any suppliers we may designate in accordance with a marketing and recruiting plan that we determine, which may include pre-opening Membership sales, recruitment of service providers, and related local promotional campaigns. The Grand Opening Spend Requirement is in addition to your Local Marketing Spend Requirement described below, although you may choose to spend more toward pre-opening marketing and recruiting activities.

Notwithstanding your payment of the Grand Opening Spend Requirement, you and your Designated Manager (as applicable) are required to satisfactorily complete the following marketing and promotional activities prior to your Shop’s Opening Date (the “**Pre-Opening Activities**”), or alternatively, after you take possession of an existing Shop (the “**Re-Opening Activities,**” as applicable):

- (1) Participate in no fewer than ten (10) approved advertising, marketing and promotional events within an area reasonably surrounding your Shop prior to the Shop’s Opening Date, or alternatively, a mutually determined number of such events with respect to Re-Opening Activities;
- (2) Actively cooperate with us and any of our designated suppliers in selling Memberships and scheduling services to be performed at the Shop in accordance with approved marketing and promotional offers for Pre-Opening Activities and Re-Opening Activities. As part of the Pre-Opening Activities, the parties will mutually identify Membership sales targets which you must achieve before your Shop will be permitted to open. With respect to Re-Opening Activities, the parties may mutually identify an alternative date for such targets to be achieved;
- (3) Complete the Sales Training Series described in Section 4.D. above;
- (4) Attend all on-site training programs required by us, including but not limited to the training programs described in Section 4.G. above; and

- (5) Participate in all calls or meetings we specify concerning the Pre-Opening Activities and Re-Opening Activities (as applicable).

**B. Local Marketing Spend Requirement.**

- (1) You must pay us, or a third-party vendor we designate, a minimum “**Local Advertising Fee**” each month, which is currently \$2,000 per month. We or our designated third-party vendor will use the Local Advertising Fee toward paid digital advertising programs (and any evolutions or “next generations” thereof) for your Shop within an area reasonably surrounding your Shop, which may include but not be limited to social media advertising and search engine marketing. We may periodically increase or otherwise modify the amount of your Local Advertising Fee or its accompanying digital advertising programs and resources upon thirty (30) days’ written notice to you. We currently collect the Local Advertising Fee by ACH on the fifteenth (15th) day of each month for the preceding month. We may change the day of the month on which we collect the Local Advertising Fee. If we designate a third-party vendor to administer the paid digital advertising programs described above, you may be required to sign a participation agreement or similar document with such third-party vendor which will include payment terms regarding the Local Advertising Fee.
- (2) You must additionally spend a minimum of two percent (2%) of the Gross Receipts of your Shop each month toward approved advertising, marketing and promotional programs for your Shop within an area reasonably surrounding your Shop (the “**Local Spend Amount**”). We may periodically increase the amount of your Local Spend Amount upon thirty (30) days’ written notice to you. We refer to the Local Advertising Fee and your Local Spend Amount together as the “**Local Marketing Spend Requirement.**” Your Local Marketing Spend Requirement excludes any contributions you make to the Brand Marketing Fund, defined in Section 9.D. below, but any contributions you make to a Marketing Cooperative, defined in Section 9.E. below, will count toward your Local Spend Amount. Your required Marketing Cooperative contributions could, by themselves, exceed the Local Spend Amount.
- (3) For at least six (6) months after the Shop’s Opening Date, or after you take possession of an existing Shop, you must participate in a minimum of one (1) approved advertising, marketing and promotional event per month within an area reasonably surrounding your Shop.
- (4) We or our affiliates may be a supplier of local advertising, marketing and promotional programs for your Shop.
- (5) You must submit to us, within ten (10) days following our request, an advertising and marketing plan for approval which describes your plan for the first three (3) months after opening your Shop or purchasing an existing Shop. In addition, during the term of this Agreement, you must prepare and execute an advertising and marketing plan that you must provide to us within thirty (30) days of our request. You must also provide to us within thirty (30) days of our request reasonable and obtainable information about the results achieved from implementing your advertising and marketing plan and meeting your Local Marketing Spend Requirement. In addition, we have the right to review your books and records from time to time to determine your expenditures for the Local Marketing Spend Requirement. Lastly, you must

participate in any calls or meetings we specify concerning your Local Marketing Spend Requirement, including but not limited to any calls or meetings specified by us during the first ninety (90) days following your Shop's Opening Date or after you take possession of an existing Shop.

**C. Advertising by You.**

You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading. You further agree that you must conform to the highest standards of ethical advertising, our System Standards, and any advertising and marketing policies that we prescribe from time to time in advertising and promoting your Shop. You may not use any advertising, promotional, or marketing materials that we have not approved or which we have previously disapproved. If you wish to use any advertising, promotional, or marketing materials that we have not previously approved, you must send us samples of all materials at least fourteen (14) days before you intend to use them. If we do not approve of the materials within seven (7) days of our receipt of such materials, then they shall automatically be deemed disapproved. You must participate in and market any promotion we require, including but not limited to the programs described in Section 9.G. You may not prepare any translation or transliteration of any promotional materials that we have provided to you, and you may not make any changes to any depiction or use of any Marks in or on such promotional materials (other than minor changes to the size or placement or the like that are otherwise consistent with our standards and specifications related to advertising, marketing, and trademark use).

**D. Brand Marketing Fund.**

We have established an advertising and marketing fund (the "**Brand Marketing Fund**") for the marketing, recruiting, advertising, and promotional programs and materials we deem appropriate that will be used nationally, regionally, or locally, and you agree to contribute to the Brand Marketing Fund an amount equal to two percent (2%) of the Gross Receipts of your Shop. We may increase the amount you are required to contribute to the Brand Marketing Fund upon thirty (30) days' written notice, but you will not be required to contribute more than four percent (4%) of the Gross Receipts of your Shop. Your contribution to the Brand Marketing Fund shall be payable at the same time as the payment of the Royalty, based on Gross Receipts for the immediately preceding reporting period. We have the right to collect for deposit into the Brand Marketing Fund any advertising, marketing, or similar allowances paid to us by suppliers to the Franchise System who instruct us to use the allowances for advertising or marketing purposes. We may incorporate the Brand Marketing Fund or operate it through a separate entity as we deem appropriate. We have no fiduciary obligations to you in connection with our administration of the Brand Marketing Fund. We do not use any of the funds contributed to the Brand Marketing Fund principally to solicit new franchise sales. If we or our affiliates own any Shops, those Shops make contributions to the Brand Marketing Fund on the same basis as you and our other franchisees.

We designate all programs to be financed by the Brand Marketing Fund and have sole control over the creative concepts, materials, and endorsements prepared and used and their geographic, market, and media placement and allocation. The Brand Marketing Fund may be used for any purpose to promote the Franchise System, the Marks, the patronage of Shops, and the Drybar brand generally as we determine, including paying for: (1) preparing and producing video, audio, and written materials (including marketing and promotional materials and local shop marketing advertisements we prepare) and electronic media; (2) administering national, regional, multi-regional, international, and local marketing, recruiting, advertising, and promotional programs, including purchasing space in print publications, direct mail, radio and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; (3) supporting public relations, market research, and other marketing, recruiting, advertising, and promotional activities; (4) developing and maintaining website(s) for the Franchise

System; (5) administering online marketing, recruiting, advertising, and promotional campaigns (including search engine, social media, email, and display ad campaigns); and (6) developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or “next generations” of any such devices. We determine the use of the funds contributed to the Brand Marketing Fund, including allocating a portion of any Brand Marketing Fund contributions to any national, regional, multi-regional, international, or local marketing, recruiting, advertising, and promotional programs we may establish in the future. We are not required to spend any particular amount on marketing, recruiting, advertising or promotion in the area in which your Shop will be located. In addition, we are not required to ensure that Brand Marketing Fund expenditures for or affecting any geographic area be proportionate or equivalent to Brand Marketing Fund contributions by Shops operating in that area, or that any Shop benefits from the development or placement of marketing, recruiting, advertising, or promotional materials directly or in proportion to its Brand Marketing Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Brand Marketing Fund. Except as specifically provided in this Agreement, we assume no other direct or indirect liability or obligation to you for collecting amounts due, or maintaining, directing, or administering the Brand Marketing Fund.

We account for the Brand Marketing Fund separately from our other funds and do not use the Brand Marketing Fund for any of our general operating expenses, except to compensate us for the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the Brand Marketing Fund and its programs, including conducting market research, preparing marketing, recruiting, advertising, and promotional materials, and collecting and accounting for Brand Marketing Fund contributions. The Brand Marketing Fund may spend in any fiscal year more or less than the total Brand Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If we terminate the Brand Marketing Fund, we will spend all unspent amounts on marketing activities specified by this Section 9.D.

#### **E.** Marketing Cooperative.

We may designate a geographic area in which three (3) or more Shops are located as an area in which to establish a marketing cooperative (“**Marketing Cooperative**”). The Marketing Cooperative’s members will include all Shops operating in the geographic area, including us and our affiliates, if applicable. We may also require that you join an existing Marketing Cooperative operating in a geographic area encompassing or near your Shop. We may collect Marketing Cooperative fees and transfer those fees to the Marketing Cooperative, or the Marketing Cooperative may collect the fees directly, as we determine. We may designate, approve or develop standards and specifications for Marketing Cooperative suppliers. We will determine how any Marketing Cooperative is organized and governed, but the Marketing Cooperative’s members are responsible for its administration and determination of contribution levels. All Marketing Cooperatives will be governed by written documentation we designate or approve. Such documentation is available for Marketing Cooperative member review. We may form, modify, change, dissolve, or merge Marketing Cooperatives. We will not use funds contributed to a Marketing Cooperative to solicit new franchise sales.

#### **F.** Franchise System Website.

We may establish, acquire, or host any website(s) for recruitment purposes or to advertise, market, and promote Shops, the products and services that they offer and sell, and/or a Shop franchise opportunity (a “**Franchise System Website**”). We may (but are not required to) provide you with a webpage on a Franchise System Website that references your Shop. If we provide you with a webpage on a Franchise System Website, you must: (1) provide us the information and materials we request to develop, update, and modify your webpage; (2) notify us whenever any information on your webpage is not accurate; and

(3) obtain our prior approval for any proposed changes to the content or coding of your webpage (if we choose to grant you any abilities to modify your webpage). We will own all intellectual property and other rights in all Franchise System Websites, including your webpage and all information it contains (including the domain name, any associated email address, any website analytical data, and any personal or business data that visitors supply). If we provide you with a webpage on a Franchise System Website, we reserve the right to charge you a fee for such webpage as part of the Technology Fee. We periodically may update and modify any Franchise System Website (including your webpage).

Even if we provide you a webpage on a Franchise System Website, we will only maintain this webpage while you are in full compliance with this Agreement and all System Standards we implement (including those relating to Franchise System Websites). If you are in default of any obligation under this Agreement or our System Standards, then we may temporarily remove your webpage from any Franchise System Website (or all Franchise System Websites) until you fully cure the default. We will permanently remove your webpage from all Franchise System Websites upon this Agreement's expiration or termination.

We reserve the right to require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current terms and conditions, which may include additional monthly fees.

Except as provided above, or as approved by us in writing or in the Operations Manual, you may not develop, maintain or authorize any Online Presence that mentions your Shop, links to any Franchise System Website or displays any of the Marks, or engage in any promotional or similar activities, whether directly or indirectly, through any Online Presence. If we approve the use of any such Online Presence in the operation of your Shop, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on other third-party websites. We may require you to delete any content from any Online Presence that we deem likely to substantively and adversely impact the substance or protectability of the Marks or any other intellectual property contemplated in this Agreement or the goodwill, prestige, reputation, or value of Marks or such intellectual property, and if such content cannot be deleted, you will cooperate with us to actively, diligently, and meaningfully mitigate the impact of such content on the Marks or other intellectual property. We will own the rights to each such Online Presence. At our request, you agree to grant us administrative access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence.

#### **G. Additional Marketing Programs.**

You must at all times cooperate with us and other franchisees of ours and must actively participate in any and all sales, public relations, advertising, cooperative advertising and purchasing programs or promotional programs (including, without limitation, product give-away promotions and cross-brand promotional programs with our affiliated brands) which may be developed or implemented by us. Participation may include, without limitation, purchasing (at your expense) and using: (a) point of sale materials, (b) counter cards, displays, and give-away items promoting loyalty programs, prize promotions, and other marketing campaigns and programs, and (c) equipment necessary to administer loyalty programs and to prepare and print customized purchase receipts, coupons, and similar items.

### **10. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.**

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe from time to time. You must use the Computer System to maintain certain sales data, Client Information, and other information.

You agree that we will, at all times, have access to your Computer System and that we have the right to collect and retain from the Computer System any and all data concerning your Shop. We may require that you hire a designated supplier as your provider of accounting, payroll and/or bookkeeping services. If we identify a designated supplier for accounting, payroll and/or bookkeeping services, you agree to engage and cooperate with such designated supplier and provide such designated supplier with all information you would appropriately provide us under this Section 10.

Each month, you agree to generate, in the manner and format that we may prescribe from time to time, an income statement (including a standard chart of the accounts designated by us) for your Shop covering the most recently completed month. On our request, you agree to send us such statements. You also agree to give us in the manner and format that we prescribe from time to time:

- (1) on or before the Royalty payment, a report on your Shop's Gross Receipts during the preceding calendar month (or week if we elect to collect Royalties on a weekly basis);
- (2) within twenty-five (25) days after the end of each calendar month, the operating statements, financial statements, statistical reports and other information we request regarding your Shop covering the preceding month;
- (3) within the time limits specified in the Operations Manual, such other periodic operating statements, financial statements, statistical reports and other information we request regarding you and your Shop;
- (4) by March 30 of each year, annual profit and loss and source and use of funds statements and a balance sheet for your Shop as of the end of the prior calendar year, including all adjustments necessary for a fair presentation of your financial results; and
- (5) within ten (10) days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we may periodically require relating to you and your Shop.

One of your officers must certify and sign each report and financial statement in the manner we prescribe. We may disclose data derived from these reports, although we will not without your consent (unless required by law) disclose your identity in materials that we circulate publicly.

Subject to applicable law, you agree to preserve and maintain all records in a secure location at your Shop for at least three (3) years (including sales checks, purchase orders, invoices, payroll records, check stubs, sales tax records and returns, cash receipts journals, cash disbursement journals, and general ledgers). We may require you to have audited financial statements prepared annually during the term of this Agreement.

## **11. INSPECTIONS AND AUDITS.**

### **A. Our Right to Inspect Your Shop.**

To determine whether you and your Shop are complying with this Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you, but in all cases subject to client privacy: (1) inspect your Shop; (2) photograph your Shop and observe and videotape your Shop's operation for consecutive or intermittent periods we deem necessary; (3) continuously or periodically monitor your Shop using electronic surveillance or other means; (4) remove samples of any products and supplies; (5) interview your Shop's personnel and clients; (6)

inspect your Computer System, including hardware, software, security, configurations, connectivity, and data access; and (7) inspect and copy any books, records, and documents relating to your Shop's operation. We may designate certain books, records, and documents which must be available for on-site inspection. Additionally, we may contract with third parties to Quality Assurance Inspections at your Shop and we reserve the right to seek reimbursement of all associated costs and expenses. You agree to cooperate with us fully during these inspections and tests. If we exercise any of these rights, we will not interfere unreasonably with your Shop's operation.

**B. Our Right to Audit.**

We may at any time during your business hours, and without prior notice to you, examine all of your and your Shop's business, bookkeeping, and accounting records, sales and income tax records and returns, and any other records necessary to complete an audit, and we may require that you send us copies of such records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of your Shop's Gross Receipts, you agree to pay us the Royalty, Brand Marketing Fund contribution, and any other fees understated, plus interest on the understated amounts from the date originally due until the date of payment, within fifteen (15) days after receiving the examination report. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Gross Receipts exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

**12. TRANSFER.**

**A. By Us.**

We may change our ownership or form of organization and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any obligations under this Agreement. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to our interest in it.

**B. By You.**

You acknowledge that the rights and duties this Agreement creates are personal to you and your owners and that we have granted you the franchise in reliance on our perception of your and your owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, without our prior written approval, you may not transfer any of the following, or attempt to transfer any of the following, including by listing any of the following for sale on any directory or listing: (i) this Agreement (or any interest in this Agreement); (ii) your Shop (or any right to receive all or a portion of your Shop's profits or losses or capital appreciation related to your Shop); (iii) substantially all of the assets of your Shop; or (iv) any direct or indirect ownership interest in you (regardless of its size) if you are an Entity. A transfer of your Shop's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect. In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including transfer by reason of merger, consolidation, issuance of additional securities, death, disability, divorce, insolvency, foreclosure, surrender or by operation of law.

Additionally, you may not pledge or encumber this Agreement, your Shop or an ownership interest in you or your owners (to someone other than us) as security for any loan or other financing, unless (1) we grant our prior written consent and (2) the lender agrees that its claims will be subordinate to all amounts you owe at any time to us or our affiliates.

If you intend to list your Shop for sale with any broker or agent, you shall do so only after obtaining our written approval of the broker or agent and of the listing agreement. You may not use or authorize the use of any Mark in advertising the transfer or other disposition of your Shop or of any ownership in you without our prior written consent. You shall not use or authorize the use of, and no third party shall on your behalf use, any written materials to advertise or promote the transfer of your Shop or of any ownership interest in you without our prior written approval of such materials.

### C. Conditions for Approval of Transfer.

You may not transfer this Agreement before your Shop has opened for business. Thereafter, subject to the other provisions of this Section 12, we will approve a transfer that meets all of the following conditions before or concurrently with the effective date of the transfer:

- (1) you submit an application in writing requesting our consent and providing us all information or documents we request about the transferee and its owners to allow us to evaluate their ability to satisfy their respective obligations under our then-current form of franchise agreement and any documents ancillary thereto, and each such person must have completed and satisfied all of our application and certification requirements, including the criteria that neither the transferee nor its owners (if the transferee is an entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business. At the time you sign a conditional consent to transfer, you must pay us, by wire transfer, a deposit of \$5,000 (“**Fee Deposit**”). We will refund you the Fee Deposit, less any amounts which may be due under this Agreement, within thirty (30) days following the effective date of the transfer or the date on which you and the transferee have complied with all terms set forth in any applicable consent to transfer that we and you sign in connection with the transfer, whichever is later;
- (2) the transferee and its affiliates collectively will not directly or indirectly own more than six percent (6%) of the total number of Drybar® shops then in operation in the United States, including the Shop operated pursuant to this Agreement. You acknowledge that we reserve the right to make exceptions to this condition;
- (3) you have provided us executed versions of any documents executed by you (or your owners) and the transferee (and its owners) to effect the transfer, and all other information we request about the proposed transfer, and such transfer meets all of our requirements, including criteria for terms and conditions, closing date, purchase price, amount of debt and payment terms;
- (4) you (and your owners) and the transferee (and its owners) sign all of the documents we are then requiring in connection with a transfer, in a form satisfactory to us, including:
  - (i) a general release of any and all claims against us and our affiliates and our and their owners, officers, directors, employees, and agents, (ii) a covenant that you and your transferring owners (and your and their immediate family members) will not, for two (2) years beginning on the transfer’s effective date, engage in any of the activities

proscribed in Section 15.F. below, and (iii) covenants that you and your transferring owners satisfy all other post-termination obligations under this Agreement;

- (5) you have paid all Royalties, Brand Marketing Fund contributions, and other amounts owed to us, our affiliates, and third-party vendors, and have submitted all required reports and statements;
- (6) you and your owners have not violated any provision of this Agreement or any other agreement with us or our affiliates during both the sixty (60) day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;
- (7) the transferee (or its operating partner) and any other manager and/or assistant manager we designate (including any applicable designated manager), satisfactorily complete our then-current Training Program;
- (8) if the proposed transfer (including any assignment of the Lease or subleasing of the Premises) requires notice to or approval from your landlord, or any other action under the terms of the Lease, you have taken such appropriate action and delivered us evidence of the same;
- (9) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then-current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty and the Brand Marketing Fund contribution; provided, however, that the term of the new franchise agreement signed will equal the remainder of the then-remaining term of this Agreement;
- (10) you pay us a transfer fee equal to fifty percent (50%) of our then-current initial franchise fee for new franchises, unless the transfer is equal to or less than a ten percent (10%) ownership interest in you (if you are an entity), in which case you must pay us \$2,500 for administrative costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees;
- (11) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of your Shop;
- (12) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Shop are subordinate to the transferee's obligation to pay Royalties, Brand Marketing Fund contributions, and other amounts due to us, our affiliates, and third-party vendors related to the operation of your Shop and otherwise to comply with this Agreement;
- (13) you have corrected any existing deficiencies of your Shop of which we have notified you, and/or the transferee agrees to upgrade, remodel, and refurbish your Shop in accordance with our then-current requirements and specifications for Shops within the time period we specify following the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken); and

- (14) you provide us the evidence we reasonably request to show that appropriate measures have been taken to effectuate the transfer as it relates to the operation of your Shop, including, by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

We may review all information regarding your Shop that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Shop.

Our consent to a transfer pursuant to this Section is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Shop's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

**D. Transfer to a Wholly Owned Entity.**

Notwithstanding Section 12.C. above, if you are in full compliance with this Agreement, you may transfer this Agreement to an Entity in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests; provided, that (1) that Entity will own all of your Shop's assets, and will conduct all of your Shop's business, (2) that Entity will conduct no business other than your Shop and, if applicable, other Shops, and (3) you reimburse us for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees. The Entity must expressly assume all of your obligations under this Agreement. You agree to remain personally liable under this Agreement as if the transfer to the Entity did not occur and sign the form of consent to assignment and assignment satisfactory to us which may include a general release of any and all claims against us and our owners, officers, directors, employees and agents. You further agree to provide us with all organizational documents for the Entity that we require.

**E. Our Right of First Refusal.**

If you (or any of your owners) at any time decide to sell an interest in this Agreement, your Shop, substantially all the assets of your Shop, or an ownership interest in you or one of your owners (except to or among the current owners of such Entity), you (or your owners) agree to obtain a bona fide executed written offer, relating exclusively to the transfer of this Agreement, your Shop, substantially all the assets of your Shop, or the ownership interest in you or one of your owners (as applicable), from a responsible and fully disclosed buyer and send to us a true and complete copy of that written offer. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

We may also require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction. We may elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

- (1) we notify you or your selling owner(s) that we intend to purchase the interest or within thirty (30) days after we receive a copy of the offer and all other information we request;

- (2) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately held entity);
- (3) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);
- (4) we will have an additional thirty (30) days to prepare for closing after notifying you of our election to purchase; and
- (5) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in an Entity, as applicable, including representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 12.E.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with Sections 12.B. and 12.C. above, and if you (and your owners) and the transferee comply with the conditions in Sections 12.B. and 12.C. above. Notwithstanding anything in this Section to the contrary, the right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 12.B. and 12.C. above.

If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to notify us of promptly), we or our designee will have an additional right of first refusal. We or our designee must exercise this additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

#### **F. Your Death or Disability.**

On the death or disability of you, your Operating Partner or any owner with a controlling ownership interest in you (a "**Controlling Owner**"), your or the Operating Partner's or such Controlling Owner's executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement, or the Operating Partner's or Controlling Owner's ownership interest in you, to a third party (which may be your or the Operating Partner's or Controlling Owner's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 12 (except that any transferee that is the spouse or immediate family member of you or your Operating Partner or such Controlling Owner, shall not have to pay the Fee Deposit described in Section 12.C.(1) or the transfer fee described in Section 12.C.(9) if the transfer meets all the other conditions in Section 12.C.; provided, that the transferee reimburse us for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees). A failure to transfer your interest in this

Agreement or the Operating Partner's or such Controlling Owner's ownership interest in you within this time period constitutes a breach of this Agreement.

The term "**disability**" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you or the Operating Partner or such Controlling Owner from supervising the management and operation of your Shop. If your Shop is not being managed by an approved Designated Manager at the time of your or your Operating Partner's death or disability, your or the Operating Partner's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a Designated Manager in accordance with the terms and conditions of Section 8.H. A new Operating Partner acceptable to us also must be appointed for your Shop within sixty (60) days. If your Shop is not being managed properly at any time after your or the Operating Partner's death or disability, in our sole judgment, we may, but need not, assume your Shop's management (or appoint a third party to assume its management) in accordance with Section 14.C.

### **13. EXPIRATION OF THIS AGREEMENT.**

#### **A. Your Right to Acquire a Successor Franchise.**

Upon expiration of this Agreement, you will have the option to acquire a successor franchise to operate your Shop for one (1) additional term of ten (10) years, if you meet the following conditions:

- (1) you (and each of your owners) have substantially complied with this Agreement during its term;
- (2) you (and each of your owners) are, both on the date you give us written notice of your election to acquire a successor franchise (as provided in Section 13.B. below) and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all System Standards;
- (3) you maintain possession of and agree to remodel and/or expand your Shop, add or replace improvements and Operating Assets, and otherwise modify your Shop as we require to comply with System Standards then-applicable for new Shops, or, at your option, you secure substitute premises that we approve and you develop those premises according to System Standards then-applicable for Shops;
- (4) you sign the franchise agreement we then use to grant franchises for Shops (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from those contained in this Agreement;
- (5) you and your owners agree to sign, in a form satisfactory to us, guarantees and general releases of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns; and
- (6) you pay a successor franchise fee equal to twenty-five percent (25%) of our then-current initial franchise fee for new franchises, in the form of a lump sum payment, by wire transfer.

If you (and your owners) fail to meet the conditions set forth in this Section, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its term under Section 14.B.

**B. Grant of a Successor Franchise.**

You agree to give us written notice (“**Your Notice**”) of your election to acquire a successor franchise no more than one (1) year and no less than one hundred eighty (180) days before this Agreement expires. We agree to give you written notice (“**Our Notice**”) of our decision to grant or not to grant you a successor franchise within a reasonable amount of time after we receive Your Notice. If applicable, Our Notice will describe the remodeling, maintenance, expansion, improvements, technology upgrades, trade dress updates, and/or modifications required to bring your Shop into compliance with then-applicable System Standards for new Shops and state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If Our Notice states that you must remodel your Shop and/or must cure certain deficiencies of your Shop or its operation as a condition to our granting you a successor franchise, and you fail to complete the remodeling and/or to cure those deficiencies, we will give you written notice of our decision not to grant a successor franchise, within a reasonable amount of time before this Agreement expires; provided, that we need not give you notice if we decide not to grant you a successor franchise due to your breach of this Agreement during the period before it expires. We may extend this Agreement’s term for the time period necessary to give you a reasonable time to correct deficiencies. If you fail to notify us of your election to acquire a successor franchise within the prescribed time period, we need not grant you a successor franchise.

**14. TERMINATION OF AGREEMENT.**

**A. Termination by You.**

You may terminate this Agreement if you are in full compliance with this Agreement and we materially fail to comply with this Agreement, and we fail correct the failure within sixty (60) days after you deliver written notice of the material failure to us. Your termination under this Section will be effective thirty (30) days after you deliver to us the written notice of termination.

If you terminate this Agreement other than according to this Section 14.A., the termination will be deemed a termination without cause and a breach of this Agreement.

**B. Default; Termination by Us.**

You will be deemed in default under this Agreement if you breach any of the terms of this Agreement or if you (or any of your owners) or your affiliates breach any of the terms of any other franchise agreement, area development agreement, or any other agreement between you (or any of your owners) or your affiliates and us or any of our affiliates.

We may terminate this Agreement, effective on delivery of written notice of termination to you, if:

- (1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the franchise or operating your Shop;
- (2) you do not obtain our acceptance of the Premises by the deadline set forth in Section 2.A.;
- (3) you do not obtain our approval of your Lease or deliver us a fully executed copy of the Lease and Lease Rider as required by the deadline set forth in Section 2.B.;

- (4) you fail to open your Shop for full use by clients by the Shop Opening Deadline in compliance with our required opening conditions, except as otherwise set forth in Section 2.H.;
- (5) you (or your Operating Partner) and your Designated Manager (if applicable) do not satisfactorily complete the Training Program or Pre-Opening Training in accordance with Section 4;
- (6) without our prior consent, you: (a) abandon or fail to actively operate your Shop for more than two (2) consecutive days, or fourteen (14) days during any twelve-month period; or (b) provide us or any other party notice (written or oral) that you intend to permanently close or otherwise abandon the operation of your Shop;
- (7) you (or your owners) make or attempt to make any transfer in violation of Section 12;
- (8) you (or any of your owners) are or have been convicted of, or pleaded guilty or no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that, in our sole judgment, is reasonably likely to harm or unfavorably affect the Marks, the Franchise System, or their associated goodwill and reputation;
- (9) you fail to maintain the insurance we require and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;
- (10) you (or any of your owners) engage in any dishonest or unethical conduct which, in our opinion, adversely affects your Shop's reputation or the goodwill associated with the Marks;
- (11) you lose the right to occupy the Premises whether or not through any fault of yours;
- (12) you (or any of your owners) knowingly or negligently make any unauthorized use or disclosure of any Confidential Information;
- (13) you violate any health, safety, or sanitation law, ordinance, or regulation, or operate your Shop in an unsafe manner, and do not begin to cure the violation immediately, and correct the violation within seventy-two (72) hours after you receive notice from us or any other party, regardless of any longer period of time that any governmental authority or agency may have given you to cure such violation;
- (14) you create or allow to exist any condition in connection with your operation of your Shop that we reasonably determine presents an immediate health or safety concern for your Shop's clients or employees;
- (15) you violate any other applicable law, regulation, ordinance or consent decree, or fail to maintain any bond, license or permit, and do not cure such violation or failure within ten (10) days after we or any applicable government agency deliver notice to you of that violation or failure;
- (16) you fail to pay us (or our affiliates) any amounts due and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

- (17) you fail to pay when due any federal or state income, service, sales, employment or other taxes due on your Shop's operation, unless you are in good faith contesting your liability for these taxes;
- (18) you have insufficient funds in your designated account to cover your payments owed for Royalties, Brand Marketing Fund contributions and other amounts due on three (3) separate occasions within a twelve (12) month period;
- (19) you intentionally underreport your Shop's Gross Receipts by any amount or negligently underreport your Shop's Gross Receipts by five percent (5%) or more during any reporting period;
- (20) you (or any of your owners): (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement; or (b) fail on two (2) or more separate occasions within any twelve (12) consecutive month period to comply with the same obligation under this Agreement, in all instances whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures following our delivery of notice to you;
- (21) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Shop is attached, seized, subjected to a writ or distress warrant, or levied on, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of you or your Shop is not vacated within thirty (30) days following the order's entry;
- (22) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;
- (23) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard (including but not limited to the Brand Usage Guidelines) and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you;
- (24) there is a termination of any other franchise agreement, area development agreement, or any other agreement between you (or any of your owners) or your affiliates and us or any of our affiliates;
- (25) you fail to perform background checks for all employees you hire pursuant to Section 8.I. and as specified in the Operations Manual;
- (26) you fail to ensure that all your hair stylists are properly licensed (if required in your jurisdiction) pursuant to Section 8.I. and as specified in the Operations Manual;
- (27) you fail to report incidents at your Shop which could negatively impact the goodwill of the "Drybar" brand as specified in the Operations Manual;
- (28) you fail to pay when due any third-party supplier, including landlords or lenders, and do not cure such failure within the third-party's applicable cure period or alternatively,

if such cure period has already lapsed, within ten (10) days after we deliver written notice of that failure to you; or

- (29) you relocate your Shop to a location other than the Premises without our prior written approval.

**C. Assumption of Management.**

If: (1) you abandon or fail actively to operate your Shop; (2) you fail to comply with any provision of this Agreement or any System Standard and do not cure the failure within the time period we specify in our notice to you; or (3) this Agreement is terminated and we are deciding whether to exercise our option to purchase your Shop under Section 15.E.:

(a) we have the right (but not the obligation): (i) to enter the Premises to make any modifications we deem necessary to protect the Operating Assets; (ii) to remove any equipment, signage, or other materials featuring the Marks; (iii) to cure any defaults under the Lease; and (iv) to assume all of your rights under the Lease; and/or

(b) we have the right (but not the obligation) to enter the Premises and assume your Shop's management for any period of time we deem appropriate, but not to exceed six (6) months.

We may assign our rights under this Section 14.C. to any person or entity without your consent.

If we (or a third party) assume your Shop's management, you must continue: (A) maintaining all licenses, permits, and insurance policies for the Shop; (B) maintaining your business checking account for the Shop in order for all expenses incurred during our (or the third party's) management to be charged to this account; and (C) overseeing and fulfilling the terms and conditions of employment of your employees (including but not limited to compensation, tax withholdings, and recordkeeping).

If we (or a third party) assume your Shop's management, you agree to pay us (in addition to the Royalty, Brand Marketing Fund contributions, and other amounts due to us or our affiliates) our then-current monthly management fee (currently, \$7,500 per month), plus our (or the third party's) direct out-of-pocket costs and expenses.

If we (or a third party) assume your Shop's management, you acknowledge that we (or the third party) will have a duty to use only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Shop incurs, or to any of your creditors for any supplies, products, or other assets or services your Shop purchases, while we (or the third party) manage it.

Our decision to assume management of your Shop (or to appoint a third party to assume management of your Shop) will not affect our right to terminate this Agreement under Section 14.B.

**15. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION.**

**A. Payment of Amounts Owed to Us.**

You agree to pay us the Royalties, Brand Marketing Fund contributions, interest, and all other amounts owed to us (and our affiliates), which accrued prior to termination or expiration, within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine, calculated as of the date of payment. You acknowledge that termination or expiration of this Agreement does not

affect your liability for amounts you (or your owners or affiliates) owe any third-parties or creditors and we do not assume any such liabilities.

**B. Liquidated Damages.**

If this Agreement is terminated because of your default or if you terminate this Agreement without cause before its expiration, you and we agree that it would be difficult if not impossible to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalties, Brand Marketing Fund contributions, and Marketing Cooperative contributions, less any cost savings, through the remainder of the term of this Agreement (the “**Liquidated Damages**”). Liquidated Damages will be equal to the combined monthly average of Royalties, Brand Marketing Fund contributions, and any other fees under this Agreement (without regard to any fee waivers, or other reductions) payable during the twelve (12) months preceding the date of early termination, multiplied by the lesser of (i) twenty-four (24) or (ii) the number of full months remaining in the term. The present value of the total calculated at a discount rate of 8%, assuming payment at the end of each month, will be our Liquidated Damages. You and we agree that the calculation described in this Section 15.B. is a calculation only of the Liquidated Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of this Agreement.

**C. Marks.**

Upon termination or expiration of this Agreement, you and your owners must immediately:

- (1) close the Shop for business to clients and cease to directly or indirectly sell any products and services of any kind and in any manner from the Shop and/or using the Marks, unless we direct you otherwise in connection with our exercise of our option to purchase pursuant to Section 15.E.;
- (2) cease to directly or indirectly use any Mark, any colorable imitation of a Mark, any other indicia of a Shop, or any trade name, trademark, service mark, or other commercial symbol that indicates or suggests a connection or association with us, in any manner or for any purpose;
- (3) cease to directly or indirectly identify yourself or your business as a current or former Shop or as one of our current or former franchise owners (except in connection with other Shops you operate in compliance with the terms of a valid franchise agreement with us) and take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;
- (4) if we do not exercise our right to purchase your Shop, promptly and at your own expense, remove all materials bearing the Marks and remove from both the interior and exterior of the Premises all materials and components of our trade dress as we determine to be necessary to avoid any association between the Premises and our System or that would, in any way, indicate that the Premises are or were associated with our brand or System;
- (5) cease using and, at our direction, either disable or instruct the registrar of any Contact Identifiers or Online Presence to transfer exclusive control and access of such Contact Identifiers and Online Presence to us or our designee in accordance with our instructions; and

- (6) comply with all other System Standards we establish from time to time (and all applicable laws) in connection with the closure and de-identification of the Shop.

If you fail to take any of the actions (or refrain from taking any of the actions) described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies, including, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove any signs or other materials containing any Marks from your Shop. You must reimburse us for all costs and expenses we incur in correcting any such deficiencies.

**D. Confidential and Personal Information.**

You agree that when this Agreement expires or is terminated you will immediately cease using any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Manual and any other Confidential Information that we have loaned you. You also agree to comply with all of our directions for returning or disposing of Personal Information, in any form, in your possession or the possession of any of your employees. We may require you to certify in writing that you have returned or securely disposed of all Personal Information.

**E. Our Right to Purchase Your Shop.**

We have the option to purchase your Shop and the Premises (if you or one of your affiliates owns the Premises) upon the occurrence of a Termination Event (as defined below). We may exercise this option by giving you written notice within thirty (30) days of the date of the Termination Event. We have the unrestricted right to assign this option to purchase. If we purchase your Shop and/or the Premises, we are entitled to all customary warranties and representations in our asset purchase, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

If you lease the Premises from an unaffiliated lessor, or if we choose not to purchase the Premises from you (or one of your affiliates), you agree, at our election to (1) assign your Lease to us or our assignee, (2) enter into a sublease with us or our assignee for the remainder of the Lease term on the same terms (including renewal options) as the Lease, or (3) lease the Premises to us or our assignee for an initial term of five (5) years with, at our option, up to three (3) additional terms of five (5) years each, on commercially reasonable terms.

We (or our assignee) will pay the purchase price (calculated as described below) for your Shop and/or Premises at the closing, which will take place not later than sixty (60) days after the purchase price is determined, although we (or our assignee) may decide after the purchase price is determined not to purchase your Shop and/or the Premises. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you or your owners owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us (or our assignee):

- (1) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;
- (2) all of your Shop's licenses and permits which may be assigned or transferred; and
- (3) the ownership interest or leasehold interest (as applicable) in the Premises and improvements or a lease assignment or lease or sublease, as applicable.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You and your owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, managers, employees, agents, successors and assigns.

A “**Termination Event**” occurs if, (i) you terminate this Agreement (other than in accordance with Section 14.A.), (ii) we terminate this Agreement for any reason, or (iii) the term of this Agreement (including any successor term) expires.

If we purchase your Shop upon a Termination Event, the purchase price for your Shop and the Premises will be their reasonable fair market value at the time of the Termination Event, provided that these items will not include any value for the rights granted by this Agreement, any goodwill attributable to our Marks, brand image, Client Information, and other intellectual property, or any participation in the network of Shops. We may exclude from the assets purchased any Operating Assets and supplies that are not reasonably necessary (in function or quality) to your Shop’s operation or that we have not approved as meeting System Standards, and the purchase price will reflect these exclusions.

If we and you cannot agree on a fair market value, the fair market value will be determined in accordance with Generally Accepted Accounting Principles (“GAAP”) using straight-line depreciation, in all instances bound by the criteria for the purchase price described above. You and we will share equally any fees and expenses incurred in conducting this calculation, which must be completed within thirty (30) days after the parties elect to use GAAP to determine fair market value.

**F. Covenant Not to Compete.**

Upon termination, transfer, or expiration of this Agreement for any reason, you and your owners and guarantors agree that, for two (2) years beginning on the effective date of termination or expiration, neither you nor any of your owners (or your or their immediate family members) will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, agent, or in any other capacity in any Competitive Business located or operating at the Premises or within a three (3) mile radius of the Premises or any other Shop then in existence or under construction.

If any person restricted by this Section 15.F. fails to comply with these obligations as of the date of termination or expiration, the two (2) year restricted period for that person will commence on the date the person begins to comply with this Section 15.F., which may be the date a court order is entered enforcing this provision.

You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 15.F. will not deprive you of your personal goodwill or ability to earn a living.

**G. Non-Solicitation and Non-Interference.**

On termination or expiration of this Agreement for any reason, you and your owners agree that, for two (2) years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section 15.G. begin to comply with this Section 15.G., whichever is later, neither you nor any of your owners or guarantors (or their immediate family members) will: (1) solicit, interfere, or attempt to interfere with our or our affiliates’ relationships with any clients, vendors, consultants, or other franchisees; or (2) engage in any other activity that might injure the goodwill of the Marks and/or the Franchise System.

## **H.** Ongoing Obligations.

Unless (i) we elect to purchase your Shop, pursuant to Section 15.E above, or (ii) we consent to a transfer of your Shop, pursuant to Section 12.B above, then upon termination or expiration of this Agreement for any reason, you and your owners agree to the following:

(1) You will notify clients of the Shop that you are no longer a Drybar® Shop franchisee at the location of the Shop pursuant to a communication approved by us.

(2) You will directly refund the outstanding and unexpired local Drybar® Shop gift card liability to clients of the Shop upon their request. You acknowledge and agree that local Drybar® Shop gift cards from the Shop may be redeemed at Drybar® Shops. You further acknowledge and agree to reimburse us for local Shop gift cards redeemed at Drybar® Shops through the invoicing process described in Section 15.H.(3) below.

(3) You agree to direct clients of the Shop to Drybar® Shops which can perform any unused services. You expressly acknowledge and agree that you will remain responsible for transfer pricing amounts due and owing to us for unused sessions redeemed by former clients of the Shops at Drybar® Shops from the date of the Termination Event until ninety (90) days thereafter. You expressly acknowledge and agree that you will remain responsible for transfer pricing amounts due and owing to us for former members who sign up for memberships at Drybar® Shops. We will send you monthly invoices in arrears, which you agree to pay on or within ten (10) days of receipt, stating: (i) transfer pricing amounts due and owing for redeemed sessions; (ii) gift card redemption amounts due and owing for local Shop gift cards redeemed at other Drybar® Shops; (iii) transfer pricing amounts due and owing for former members that sign up for memberships at Drybar® Shops, and (iv) booking platform hosting fees of \$150 per month to keep the Shop's booking information active for ninety (90) days following the date of the Termination Event to help manage the session and gift card liability referenced in this Agreement.

(4) Unless we otherwise direct, from the date of the Termination Event, until no less than ninety (90) days thereafter, you will directly communicate with all clients or other Drybar® Shops for all customer service matters related to the Shop, including complaints, and requests for refunds, and you agree to resolve all such matters with clients or such other Drybar® shops. You agree that we can share your phone number and e-mail address with clients who request customer service from us and with any Drybar® Shops which provide services to or which otherwise communicate with clients from the Shop.

(5) You agree to directly respond to any vendor communications and fully pay any due and owing requests for payment from vendors for services performed for the Shop. You agree that we can share your contact information, including your email addresses and telephone numbers, with vendors who request payment from you for services performed in connection with the Shop.

(6) You acknowledge that, as between you and us, we or the Third-Party IP Owner have the sole right to, and interest in, the Client Information. Accordingly, upon expiration or termination of this Agreement for any reason, we or our designee may, but are not obligated to, contact clients of your Shop and offer such clients continued rights to use one or more Shops on such terms and conditions we deem appropriate, which in no event will include assumption of any then-existing liability arising out of or relating to any Membership Agreement or act or failure to act by you or arising from the operation of your Shop. If, upon expiration or termination of this Agreement, clients of your Shop request full or partial refund of any monies paid to you, you will

refund such monies promptly and in full and will cooperate with us to preserve client goodwill with such clients.

**I. Continuing Obligations.**

All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

**16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

**A. Independent Contractors.**

You and we understand and agree that each of us is an independent business and that you and we are and will be independent contractors. This Agreement does not create a fiduciary relationship between you and us, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously to all persons (including clients, suppliers, public officials, and your Shop employees) as your Shop's owner, and indicate clearly that you operate your Shop separately and independently from our business operations. You agree to place notices of independent ownership on all interior and exterior signage, forms, business cards, stationery, advertising, and other materials that we may require from time to time. You may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in our name or on our behalf or represent that your and our relationship is anything other than franchisor and franchise owner.

We have no right or duty to supervise, manage, control or direct your employees in the course of their employment for you. You are solely responsible for all terms and conditions of employment of your employees.

You acknowledge that because the Third-Party IP Owner is the owner of certain of the Marks, you and we agree that the Third-Party IP Owner will be a third-party beneficiary of those provisions in this Agreement relating to usage of the Marks, with the independent right to enforce such provisions against you and to seek damages from you for your failure to comply with those provisions.

**B. No Liability for Acts of Other Party.**

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Shop's operation or the business you conduct under this Agreement.

**C. Taxes.**

We will have no liability for any sales, use, service, occupation, excise, gross revenue, income, property, or other taxes, whether levied on you or your Shop, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us (except for our income taxes).

#### **D. Indemnification.**

To the fullest extent permitted by law, you agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (the “**Indemnified Parties**”) against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of your Shop’s operation, the business you conduct under this Agreement, or your breach of this Agreement, including claims or damages alleged to have been caused by the Indemnified Party’s gross negligence or willful misconduct, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

For purposes of this indemnification, “**claims**” include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity under this Section 16.D. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section 16.D.

### **17. ENFORCEMENT.**

#### **A. Security Interest.**

As security for the performance of your obligations under this Agreement, including payments owed to us or our affiliates, you shall grant us a security interest in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of your Shop, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof (including cash derived from the operation of your Shop), wherever located, used in connection with your Shop. You agree to execute such other documents as we may reasonably request in order to further document, perfect, and record our security interest. If you default in any of your obligations under this Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement and at law. This Agreement shall be deemed to be a Security Agreement and Financing Statement and may be filed for record as such in the records of any county and/or state that we deem appropriate to protect our interests. If a third-party lender requests that we subordinate our security interest in the assets of your Shop as a condition to issuing a loan to you, we will agree to do so in accordance with our then-current form of subordination agreement.

#### **B. Severability and Substitution of Valid Provisions.**

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if any part of this Agreement is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation for any reason (in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction), that ruling will

not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the judge or arbitrator has the power and authority to modify the covenant such that it will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice of this Agreement's termination or of our refusal to enter into a successor franchise agreement, than this Agreement requires, or some other action that this Agreement does not require, or any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

### C. Waiver of Obligations.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction on the other under this Agreement, effective on delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective on delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist on the other's compliance with this Agreement, including any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Shops; the existence of franchise agreements for other Shops which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties or Brand Marketing Fund contributions due afterward.

**D. Attorneys' Fees and Costs.**

The prevailing party in any arbitration or litigation shall be entitled to recover from the other party all costs and expenses, including arbitration and court costs, expert fees, witness fees, and reasonable attorneys' fees, incurred by the prevailing party in connection with such arbitration or litigation (inclusive of our in-house attorneys' fees and costs as further described in Section 17.M.). In addition, if you withhold amounts owed to us and we pursue collection of such amounts, you must pay to us all of our costs and expenses, including arbitration and court costs, attorneys' fees, the value of our employees' time, witness fees and travel expenses in connection with our collection efforts.

**E. Rights of Parties Are Cumulative.**

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

**F. Arbitration.**

Except for injunctive relief and actions for amounts that you owe us, we and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted to binding arbitration, on demand of either party, to the American Arbitration Association ("AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our then-current principal place of business (currently, Denver, Colorado). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator must have a minimum of five (5) years' experience in franchising or distribution law. The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

We and you agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between us and any of our affiliates, or our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (or your owners, guarantors, affiliates, and employees), on the other hand, may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) joined with any separate claim of an unaffiliated third-party, or (iv) brought on your behalf by any association or agent. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

Despite our and your agreement to arbitrate, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in accordance with Section 17.J.; provided, however, that we and you must contemporaneously submit our dispute, controversy or claim for arbitration on the merits as provided in this Section.

We and you agree that, in any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be allowed, unless the parties mutually agree to their use.

With respect to any discovery of electronically stored information, you and we agree that such requests must balance the need for production of electronically stored information relevant and material to the outcome of a disputed issue against the cost of locating and producing such information. You and we agree that:

- (1) production of electronically stored information need only be from sources used in the ordinary course of business. No party shall be required to search for or produce information from back-up servers, tapes, or other media;
- (2) the production of electronically stored information shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the information and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;
- (3) the description of custodians from whom electronically stored information may be collected shall be narrowly tailored to include only those individuals whose electronically stored information may reasonably be expected to contain evidence that is relevant and material to the outcome of a disputed issue;
- (4) the parties shall attempt to agree in advance upon, and the arbitrator may determine, reasonable search parameters; and

- (5) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, which cost advance will not be awarded to the prevailing party in any final award.

In any arbitration each side may take no more than three depositions, unless the parties mutually agree to additional depositions. Each side's depositions are to consume no more than a total of fifteen (15) hours, and each deposition shall be limited to five (5) hours, unless the parties mutually agree to additional time.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

**G. Governing Law.**

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, COLORADO) WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

**H. Consent to Jurisdiction.**

SUBJECT TO SECTION 17.F. ABOVE AND THE PROVISIONS BELOW, WE AND YOU (AND YOUR OWNERS) AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED IN THE STATE OR FEDERAL COURT CLOSEST TO OUR THEN-CURRENT PRINCIPAL PLACE OF BUSINESS (CURRENTLY, DENVER, COLORADO), AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NONETHELESS, WE AND YOU (AND YOUR OWNERS) AGREE THAT ANY OF US MAY ENFORCE ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH YOU ARE DOMICILED OR YOUR SHOP IS LOCATED.

**I. Waiver of Punitive Damages and Jury Trial.**

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD-PARTY CLAIMS UNDER SECTION 16.D., WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, BROUGHT BY EITHER OF US.

**J. Injunctive Relief.**

Nothing in this Agreement, including the provisions of Section 17.F., bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from a court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You also agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). You further agree to pay all filing costs and reasonable attorneys' fees, costs, and expenses that we incur in connection with the enforcement of this Section 17.J.

You and your owners acknowledge that any failure to comply with the requirements of Sections 7.A. and 15.F. would result in irreparable injury to us for which no adequate remedy at law may be available. You and your owners accordingly consent to the issuance of an injunction prohibiting any conduct by you or them in violation of the terms of Sections 7.A. and 15.F. (as applicable), without the requirement that we post a bond. You and your owners agree to pay all filing costs and reasonable attorneys' fees and costs that we incur in connection with the enforcement of Sections 7.A. and 15.F. including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of Sections 7.A. and 15.F., or any part of them.

**K. Binding Effect.**

This Agreement is binding on us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly authorized officers.

**L. Limitations of Claims and Class Action Bar.**

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS, REIMBURSEMENTS, AND OTHER PAYMENTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT.

**M.** Construction.

The preambles and exhibits are a part of this Agreement which constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Shop. Any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement. 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.

Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies on any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term “**affiliate**” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term “**control**” means the power to direct or cause the direction of management and policies. The use of the term “**including**” in this Agreement, means in each case “including, without limitation”.

If two or more persons are at any time the owners of your Shop, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to “**owner**” mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and your Shop or an ownership interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement or your Shop and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

References to a “**controlling ownership interest**” in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a “controlling ownership interest” is involved must be made as of both immediately before and immediately after the proposed transfer to see if a “controlling ownership interest” will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

References to “**attorneys’ fees and costs**” concerning amounts which are due and owing to us include any work performed by any attorneys and legal staff working on our behalf, expressly including our in-house attorneys, paralegals, and our administrative costs. In addition to any of your obligations herein to indemnify us against, reimburse us for, or otherwise pay our attorneys’ fees and costs, our in-house attorneys’ work will be invoiced to you at their then-current hourly billing rate (currently, \$400 per hour) while our paralegals’ work will be invoiced to you at their then-current hourly billing rate (currently, \$150 per hour). Notwithstanding the foregoing and for the purpose of clarity, nothing in this Agreement will be construed as establishing a joint-representation arrangement of any kind whatsoever between you and our in-house legal department.

The term “**person**” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term “**your Shop**” includes all of the assets of the Shop you operate under this Agreement, including its revenue and the Lease.

## **18. DELEGATION OF PERFORMANCE.**

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

## **19. NOTICES AND PAYMENTS.**

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operations Manual will be deemed to be delivered:

- (1) at the time delivered by hand;
- (2) at the time delivered electronically or by e-mail and, in the case of the Royalty, Brand Marketing Fund contributions, and other amounts due, at the time we actually receive payment via the Automatic Bank Draft Authorization;
- (3) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next-business-day delivery; or
- (4) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice must be sent to the party to be notified at its most current principal business address of which the notifying party has notice; except that it will always be deemed acceptable to send notice to you at the address of the Premises.

Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

**20. BUSINESS JUDGMENT.**

We retain the right to operate, develop and change the Franchise System and the products and services offered by Shops in any manner that is not specifically prohibited in this Agreement. Whenever we have reserved the right in this Agreement to take or refrain from taking any action, or to prohibit you from taking or refraining from any action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information then readily available to us and on our judgment of what is in our best interests, the best interests of our affiliates and/or the best interests of Shops as a whole at the time the decision is made, regardless of whether we could have made other reasonable, or even arguably preferable, alternative decisions and regardless of whether our decision or action promotes our interests, those of our affiliates or any other person or entity.

**21. EXECUTION**

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature. Either party may rely on the receipt of a document executed or delivered electronically, as if an original had been received.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement to be effective as of the Effective Date.

**DB FRANCHISE, LLC**,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DATED\***: \_\_\_\_\_  
(\*This is the Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**FRANCHISE OWNER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**EXHIBIT A**

**TO THE FRANCHISE AGREEMENT**

**Ownership Interests**

1. **Form of Owner.**

You are signing as an individual or individuals:  Yes  No

You operate as a  corporation,  limited liability company, or  partnership (CHECK ONE). You were formed on \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and (INSERT ANY ASSUMED NAME OR DBA THAT YOU HAVE USED).

2. **Management.** The following is a list of your managers, directors, and officers, as applicable, as of the date of this Agreement:

<b><u>Name</u></b>	<b><u>Position(s) Held</u></b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners.** The following list includes the full name of each individual who is one of your owners, or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

<b><u>Owner's Name</u></b>	<b><u>Percentage/Description of Interest</u></b>
_____	_____
_____	_____
_____	_____
_____	_____

4. **Name and Address of Operating Partner (See Section 1.B).**

- (a) Name: \_\_\_\_\_
- (b) Postal Address: \_\_\_\_\_
- (c) E-mail Address: \_\_\_\_\_
- (d) Telephone Number: \_\_\_\_\_

5. **Name and Address of Designated Manager (if applicable – see Section 8.H.).**

- (a) Name: \_\_\_\_\_
- (b) Postal Address: \_\_\_\_\_
- (c) E-mail Address: \_\_\_\_\_
- (d) Telephone Number: \_\_\_\_\_

**EXHIBIT B**

**TO THE FRANCHISE AGREEMENT**

**SEARCH TERRITORY / PREMISES, PROTECTED AREA & INITIAL FRANCHISE FEE**

1. The Search Territory consists of: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
2. The Premises of your Shop will be located at [*insert address*]:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
3. The Protected Area will be a circular geographic area having a radius of \_\_\_\_\_ (\_\_\_\_) miles with its center point located at the front door of the Premises.
  
4. The Initial Franchise Fee shall be [*select one*]:  
 \$50,000; or  
 \_\_\_\_\_ (\$50,000 shall apply by default if this line is blank)

**EXHIBIT C**

**TO THE FRANCHISE AGREEMENT**

**REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT**

**(Not Applicable to Prospective Franchisees in CA, HI, IL, MD, MN, NY, ND, VA, and WA)**

Do not sign this Questionnaire if you are a Maryland or Washington resident, or the franchise is to be located in Maryland or Washington. The Questionnaire does not apply to Maryland or Washington residents or franchisees to be located in Maryland or Washington.

The purpose of this Statement is to demonstrate to DB Franchise, LLC (“Franchisor”) that the person(s) signing below (“I,” “me” or “my”), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a Drybar® franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”) in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

<p>I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.</p>	<p>INITIAL:</p>
<p>I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days (10 business days in Michigan and New York) before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.</p>	<p>INITIAL:</p>
<p>Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD or as indicated below (<b>write “None” if none provided</b>): _____ _____ _____.</p>	<p>INITIAL:</p>
<p>My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.</p>	<p>INITIAL:</p>

I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:
I have not received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of my success) except as contained in the FDD or as indicated below ( <b>write "None" if none provided</b> ): _____ _____ _____.	INITIAL:

Sign here if you are taking the franchise as an  
**INDIVIDUAL(S)**  
(Note: use these blocks if you are an individual  
or a partnership but the partnership is not a  
separate legal entity)

\_\_\_\_\_  
**Signature**

Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_  
**Signature**

Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_  
**Signature**

Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_  
**Signature**

Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

Sign here if you are taking the franchise as a  
**CORPORATION, LIMITED LIABILITY  
COMPANY OR PARTNERSHIP**

\_\_\_\_\_  
Print Name of Legal Entity

By: \_\_\_\_\_  
**Signature**

Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

California residents should not complete this Questionnaire. If any California franchisee completes the Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

**EXHIBIT D**

**EXHIBIT D**

**TO THE FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS**

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS** (“**Guaranty**”) is given on \_\_\_\_\_, by the persons indicated below who have executed this Agreement (each a “**Guarantor**”).

In consideration of, and as an inducement to the execution of that certain Franchise Agreement (the “**Agreement**”) on this date by **DB FRANCHISE, LLC**, a Delaware limited liability company (the “**Franchisor**,” “**we**,” “**us**,” or “**our**”), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that \_\_\_\_\_ (the “**Franchisee**”) will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements therein.

Each Guarantor hereby consents and agrees that:

(a) Guarantor’s liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other owners of Franchisee;

(b) Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

(c) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person;

(d) this liability shall not be diminished, relieved or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims (including the release of other Guarantors), none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement, for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as Franchisor has any cause of action against Franchisee or its owners;

(e) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each Guarantor waives notice of any and all renewals, extensions, modifications, amendments, or transfers;

(f) upon our request, Guarantor must submit to Franchisor suitable credit and financial information to allow Franchisor to make a reasonable decision as to the Guarantor’s creditworthiness and financial position including, without limitation, a personal net worth statement and such other information which would reasonably be considered relevant to Franchisor in determining whether or not Guarantor has the ability to satisfy their obligations under this Guaranty;

(g) this Guarantor will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee. Neither 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 Franchisee 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;

(h) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives 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;

(i) Guarantor agrees to 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; and

(j) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement.

Each Guarantor waives: (1) all rights to payments and claims for reimbursement 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; and (2) acceptance and notice of acceptance by Franchisor of Guarantor's undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which Guarantor may be entitled.

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such undersigned (or on such undersigned's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

Each Guarantor acknowledges and represents that they have had an opportunity to review the Agreement and agrees that the provisions of Section 17 (Enforcement) have been reviewed by Guarantor and are incorporated, by reference, into and shall govern this Guaranty and any disputes between Guarantor and Franchisor. Guarantor agrees to be personally bound by the arbitration obligations under Section 17.F. of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 17.F. of the Agreement in accordance with its terms.

Nonetheless, each Guarantor agrees that Franchisor may also enforce this Guaranty and awards in the courts of the state or states in which Guarantor is domiciled.

*[Signature page follows]*

**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

**GUARANTOR(S):**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor's Spouse

\_\_\_\_\_  
Signature of Guarantor's Spouse

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor's Spouse

\_\_\_\_\_  
Signature of Guarantor's Spouse

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor's Spouse

\_\_\_\_\_  
Signature of Guarantor's Spouse

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor's Spouse

\_\_\_\_\_  
Signature of Guarantor's Spouse

**EXHIBIT E**  
**TO THE FRANCHISE AGREEMENT**  
**LEASE RIDER**

**RIDER AND SPECIAL STIPULATIONS**

TO LEASE AGREEMENT DATED \_\_\_\_\_  
BY AND BETWEEN

\_\_\_\_\_, AS "LANDLORD"  
AND

\_\_\_\_\_, AS "TENANT" FOR THE DEMISED  
PREMISES ("PREMISES") DESCRIBED THEREIN

---

This Rider and Special Provisions (the "**Rider**") and the provisions hereof are hereby incorporated into the body of the lease to which this Rider is attached (the "**Lease**"), and the provisions hereof shall be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Rider and the provisions of the Lease, this Rider shall govern and control.

1. Consent to Collateral Assignment to Franchisor; Disclaimer. Landlord acknowledges that Tenant intends to operate a DRYBAR® shop in the Premises, and that Tenant's rights to operate a DRYBAR® shop and to use the DRYBAR® franchise system's trade and service marks are solely pursuant to a franchise agreement dated \_\_\_\_\_ (the "**Franchise Agreement**") between Tenant and DB Franchise, LLC (the "**Franchisor**"). Tenant's operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly, and in writing, assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (i) the collateral assignment of Tenant's interest in this Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and/or (ii) Franchisor's (or any entity owned or controlled by, or under common control or ownership with, Franchisor) succeeding to Tenant's interest in the Lease by mutual agreement of Franchisor and Tenant, or as a result of Franchisor's exercise of rights remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, any other agreement between Franchisor and Tenant, and/or (iii) Tenant's, Franchisor's and/or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement, Landlord, Tenant and Franchisor agree and acknowledge that simultaneously with such assignment pursuant to the immediately preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor unless otherwise agreed by Landlord. Landlord further agrees that all unexercised renewal or extension rights and other rights stated to be personal to Tenant shall not be terminated in the event of any assignment referenced herein, but shall inure to the benefit of the applicable assignee.
2. Notice and Cure Rights to Franchisor. Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default by

Tenant, and commencing upon receipt thereof by Franchisor, Franchisor shall have five (5) additional days to the established cure period as is given to Tenant under the Lease for such default, provided that in no event shall Franchisor have a cure period of less than five (5) days after Franchisor's receipt of such notice. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows:

DB Franchise, LLC  
1890 Wynkoop Street, Unit 1  
Denver, CO 80202  
Attention: Legal Department  
[legal@wellbizbrands.com](mailto:legal@wellbizbrands.com)

With a copy to:

Arnall Golden Gregory, LLP  
Attention: Jonathan L. Neville, Esq.  
171 17<sup>th</sup> Street, Suite 2100  
Atlanta, GA 30363

3. Assignment Rights of Franchisor and Affiliates. Notwithstanding anything to the contrary contained in the Lease or this Rider, in the event Franchisor (or any entity owned or controlled by, or under common control or ownership with, Franchisor) becomes the “Tenant” entity under the Lease, whether pursuant to the terms of Section 1 of this Rider or otherwise consistent with the terms of the Lease, then as of and following such date of Franchisor’s (or any entity owned or controlled by, or under common control or ownership with, Franchisor’s) becoming “Tenant”: (i) the transfer of equity interests among existing holders of equity interests in Tenant or any direct or indirect parent thereof, to or among family members, or to trusts for the benefit of any of such parties, (ii) the transfer of equity interests in Tenant or any direct or indirect parent thereof in connection with a public offering of equity interests, (iii) any transfer of equity interests in Tenant or any direct or indirect parent thereof, if Tenant or any direct or indirect parent of Tenant is a public company, (iv) any direct or indirect transfers, including any sale, of equity interests in Tenant or any affiliate thereof, or (v) any change in the members of the board of managers, directors, management or organization of Tenant or any affiliate thereof, shall not be deemed an assignment, subletting, change of control or other transfer of Tenant’s interest in and to this Lease.
4. Radius and Relocation Clauses Ineffective. Notwithstanding anything as set forth in the Lease to the contrary or in conflict, in the event Franchisor (or any entity owned or controlled by, or under common control or ownership with, Franchisor) becomes the “Tenant” entity under the Lease, whether pursuant to the terms of Section 1 of this Rider or otherwise consistent with the terms of the Lease, then as of and following such date of Franchisor’s (or any entity owned or controlled by, or under common control or ownership with, Franchisor’s) becoming “Tenant”: (i) all “radius” restrictions or other limitations contained within the Lease limiting the operation of other locations/stores/units within a certain geographic area shall be of no further force or effect; and (ii) all rights of Landlord to directly or indirectly relocate the Premises shall be of no further force or effect.
5. Eviction Without Cause. In the event of any breach or threatened breach of the Lease by Landlord which, through no act or omission by Tenant, renders Tenant unable to continue its operations at the Premises, Landlord shall be responsible for paying Tenant all costs and expenses associated with de-identifying the Premises and relocating the DRYBAR® shop to a new location.

6. Franchisor's Right to Enter. Landlord acknowledges that, under the Franchise Agreement, Franchisor or its appointee has the right to assume the management and operation of the Tenant's business, on Tenant's behalf, under certain circumstances (to-wit: Tenant's abandonment, Tenant's failure to timely cure its default of the Franchise Agreement, and while Franchisor evaluates its right to purchase the DRYBAR® shop). Landlord agrees that Franchisor or its appointee may enter upon the Premises for purposes of assuming the management and operation of the DRYBAR® shop or taking other corrective actions as provided in the Franchise Agreement and, if it chooses to do so, it will do so in the name of the Tenant and without assuming any direct liability under the Lease unless Franchisor exercises such rights to assume the Lease as set forth in Section 1 of this Rider. Further, upon the expiration or earlier termination of this Lease or the Franchise Agreement, Franchisor or its designee may enter upon the Premises for the purpose of removing all signs and other material bearing the DRYBAR® trademarks or other commercial symbols of Franchisor.
  
7. Third Party Beneficiary. For so long as Franchisor holds a collateral assignment of the Lease, Franchisor is a third party beneficiary of the Lease, including, without limitation, this Rider, and as a result thereof, shall have all rights (but not the obligation) to enforce the same.
  
8. Amendments. Tenant agrees that the Lease may not be terminated, modified or amended without Franchisor's prior written consent, nor shall Landlord accept surrender of the Premises without Franchisor's prior written consent. Tenant agrees to promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the signed modifications and amendments.
  
9. Default Under Franchise Agreement. Any default under the Lease which is not cured by Tenant within any applicable cure period also constitutes grounds for termination of the Franchise Agreement.
  
10. Remaining Provisions Unaffected. Those parts of the Lease that are not expressly modified by this Rider remain in full force and effect.
  
11. Counterparts. This Rider may be executed in one or more counterparts, each of which shall cumulatively constitute an original. PDF/Faxed signatures of this Rider shall constitute originals of the same.

\*\*\*\*\*

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

**LANDLORD:**

**TENANT:**

\_\_\_\_\_  
Address: \_\_\_\_\_

\_\_\_\_\_  
Address: \_\_\_\_\_

\_\_\_\_\_  
Phone: \_\_\_\_\_

\_\_\_\_\_  
Phone: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT F**  
**TO THE FRANCHISE AGREEMENT**  
**AUTOMATIC BANK DRAFT AUTHORIZATION**

Franchisee: \_\_\_\_\_

Owner Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_  
(if different from owner)

Address: \_\_\_\_\_

I hereby authorize DB Franchise, LLC and its successors and assigns (“Franchisor”) to initiate entries to my checking or savings account identified below for Royalty (as defined in my Franchise Agreement with Franchisor), technology, website, default, late and other fees and amounts that may be incurred by me under the Franchise Agreement or otherwise and, if necessary, to initiate any adjustments for transactions credited in error.

Name and Address on Account: _____ _____ _____
Pay to the order of: DB Franchise, LLC
Your Financial Institution: (Name, Address & Phone #) _____ _____ _____
Routing Number: _____
Account Number: _____

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Shop Number: \_\_\_\_\_

Shop Name: \_\_\_\_\_

## EXHIBIT G

### TO THE FRANCHISE AGREEMENT

#### **ASSIGNMENT OF CONTACT IDENTIFIERS AND ONLINE PRESENCES**

The undersigned (“**Franchisee**”) hereby acknowledges and agrees that DB FRANCHISE, LLC (“**Franchisor**”) has granted a franchise to Franchisee to operate a franchised business located at \_\_\_\_\_ (the “**Franchised Business**”), pursuant to a Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”); and that in connection with the operation of that Franchised Business, Franchisor may have authorized Franchisee to acquire and/or maintain certain: (1) telephone and facsimile numbers and other directory listings (each a “**Contact Identifier**”), and/or (2) website, domain name, email address, social media account, user name, other online presence or presence on any electronic medium of any kind (each an “**Online Presence**”).

1. Assignment. In the event of termination or expiration of the Franchise Agreement, Franchisee hereby sells, assigns, transfers and conveys to Franchisor all of its rights, title and interest in and to all Contact Identifiers and Online Presences pursuant to which Franchisee operated its Franchised Business in any manner, or which display, connect to, or are relating to the franchise system operated by Franchisor, or any tradenames, trademarks or other proprietary materials or symbols of any kind of Franchisor’s, its affiliates, or a third-party (the “**Third-Party IP Owner**”) relating to such franchise system or the Franchised Business. Upon termination or expiration of the Franchise Agreement, Franchisee shall immediately notify the telephone company, listing agencies and any other third-party owning or controlling any Contact Identifiers, and any internet service provider, website hosting company, domain registrar, social network or other third-party owning or controlling any Online Presence (all such entities collectively “**Registrars**”) to assign the Contact Identifiers and Online Presences, as applicable, to Franchisor. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify any applicable Registrar to effectuate the assignment pursuant to the terms hereof, and in such case, Franchisor’s liability will accrue exclusively from and after the date of such assignment.

2. Attorney-in-Fact. Franchisee irrevocably appoints Franchisor as Franchisee’s true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct each Registrar to assign all Contact Identifiers and Online Presences to Franchisor and execute such documents and take such actions as may be necessary to effectuate the assignment. If Franchisee fails to promptly direct the Registrars to assign the Contact Identifiers and Online Presences to Franchisor, Franchisor shall direct the Registrars to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Registrars may accept Franchisor’s written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor’s or Third-Party IP Owner’s exclusive rights in and to the Contact Identifiers and Online Presences, as applicable, upon such termination or expiration. The parties further agree that if the Registrars require that the parties execute any assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor’s execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee’s consent and agreement to the assignment.

3. Further Assurances. The parties agree that they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

4. Representation and Warranties of Franchisee. Franchisee hereby represents, warrants and covenants to Franchisor as of the date hereof, and as of the date of expiration or termination of the Franchise Agreement, that:

(a) All of Franchisee's obligations and indebtedness related to its Contact Identifiers and Online Presences have been paid and are current;

(b) Franchisee has full power and legal right to enter into, execute, deliver and perform this Assignment;

(c) This Assignment is a legal and binding obligation of Franchisee, enforceable in accordance with the terms hereof;

(d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which Franchisee is a party or by which Franchisee is bound, and no consent of nor approval by any third party is required in connection herewith; and

(e) Franchisee has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements, and Franchisee has obtained all necessary consents to this Assignment.

5. Miscellaneous. The validity, construction and performance of this Assignment shall be governed by the laws of the State of Colorado. All agreements, covenants, representations and warranties made herein shall survive the execution hereof. All rights of Franchisor shall inure to its benefit and to the benefit of its successors and assigns. Franchisee acknowledges that because the Third-Party IP Owner is the owner of certain trademarks and other intellectual property, Franchisee and Franchisor agree that the Third-Party IP Owner will be a third-party beneficiary of those provisions in this Assignment relating to usage of such intellectual property, with the independent right to enforce such provisions against Franchisee and to seek damages from Franchisee for its failure to comply with those provisions. Franchisor may assign its rights under this Assignment to any designee. This Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. This Assignment may be executed by manual or electronic signature. Either party may rely on the receipt of a document executed or delivered electronically.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this assignment as of the Effective Date below.

**DB FRANCHISE, LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DATED\*:** \_\_\_\_\_  
*\*This is the Effective Date*

**FRANCHISE OWNER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**FRANCHISE OWNER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

82388405v2

**EXHIBIT C**

**AREA DEVELOPMENT AGREEMENT**

**DB FRANCHISE, LLC**  
**AREA DEVELOPMENT AGREEMENT**  
**(MULTI-UNIT DEVELOPMENT)**

\_\_\_\_\_  
DEVELOPER

\_\_\_\_\_  
DATE OF AGREEMENT

\_\_\_\_\_  
DEVELOPMENT AREA

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**EXHIBITS**

- Exhibit A - Development Area; Development Schedule
- Exhibit B - Ownership Interests
- Exhibit C - Guaranty and Assumption of Obligations
- Exhibit D - Representations and Acknowledgment Statement
- Exhibit E - Form of Franchise Agreement Addendum

**DB FRANCHISE, LLC**  
**AREA DEVELOPMENT AGREEMENT**

**THIS AREA DEVELOPMENT AGREEMENT** (this “**Agreement**”) is made and entered into by and between **DB FRANCHISE, LLC**, a Delaware limited liability company with its principal business address at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (“**Franchisor**,” “**we**,” “**us**,” or “**our**”), and [DEVELOPER], whose principal business address is [ADDRESS] (“**Developer**,” “**you**,” or “**your**”), as of the date signed by us and set forth below our signature on this Agreement (the “**Effective Date**”).

**1. PREAMBLES AND GRANT OF RIGHTS.**

**A. PREAMBLES.**

- (1) We grant, to persons or entities who we determine meet our qualifications, franchises (each a “**Franchise**”) for the development and operation of upscale shops that offer hairstyling services in a spa-like setting and also hairstyling services provided at off-site locations (“**Shops**”) under the Drybar<sup>®</sup> service mark and other trademarks we authorize from time to time (the “**Marks**”) and the system and system standards under which Shops are developed and operated (the “**System**”). Each Franchise is granted solely pursuant to a written franchise agreement and related documents and agreements signed by us and a franchisee (each a “**Franchise Agreement**”).
- (2) We also grant, to persons or entities who we determine meet certain additional qualifications and who are willing to commit, the right to acquire multiple Franchises for the development and operation of Shops within a defined area (the “**Development Area**”) pursuant to an agreed upon schedule (the “**Development Schedule**”), including set development deadlines (the “**Development Deadlines**”).
- (3) You and, if you are an Entity (defined below), your owners have requested that we grant you such rights, and we are willing to do so in reliance on all of the information, representations, warranties and acknowledgements you and, if applicable, your owners have provided to us in support of your request, and subject to the terms and conditions set forth in this Agreement.

**B. GRANT OF RIGHTS; TERM.**

We grant you the right, and you undertake the obligation, either yourself or through your approved Affiliates (defined below), to acquire Franchises to develop, own and operate Shops (the “**Development Rights**”). In exercising the Development Rights, you agree, at a minimum, to strictly comply with the Development Schedule reflected on **Exhibit A**. The Development Rights may only be exercised for Shops to be developed and operated within the Development Area described on **Exhibit A**.

Within each Franchise Agreement executed pursuant to this Agreement, we will assign its corresponding Shop a geographic area in which neither we nor any of our affiliates will establish or authorize any person or entity to establish another Shop using the Marks and the Franchise System (each a “**Protected Area**”, as further defined and described in each Franchise Agreement); however, these Protected Area radii for your Shops will be separate and distinct from the Development Area.

Your Development Area automatically excludes the Protected Area radii for any existing Shops therein as of the date of this Agreement, regardless of whether such radii are defined, described, or otherwise illustrated in maps attached to **Exhibit A**. If a third-party's development area is adjacent to your Development Area, you acknowledge and agree that the Protected Area radii for the third-party's Shops may extend into your Development Area depending on those Shops' final locations.

The Development Rights may be exercised from the Effective Date and, unless sooner terminated as provided herein, continue until the earlier of: (1) the date you begin operations of the last Shop that is required to be opened in order to satisfy the Development Schedule, or (2) the day of the last Development Deadline (the "**Term**").

The Development Rights are limited to the rights to acquire Franchises in accordance with and as described in this Agreement. Rights to develop and operate Shops or to use the Marks are granted only pursuant to individual Franchise Agreements, and you agree that the Development Rights do not include any such rights. You also acknowledge that we grant rights only pursuant to the expressed provisions of written agreements and not in any other manner, including orally or by implication, innuendo, extension or extrapolation.

An "**Affiliate**" is an Entity (defined below) in which you or your owners (i) own more than 51% of the issued and outstanding ownership interests and voting rights or (ii) have the right and power to control and determine the Entity's management and policies.

For purposes of clarity, the Development Rights granted hereunder and the Development Area solely concern your anticipated development, ownership, and operation of Drybar® Shops. Following the Effective Date, if you request to, and we agree to permit you to, alternatively develop, own, and operate Franchises within our affiliated brands, we: (i) may reduce, modify, or replace the Development Area; and (ii) will issue a refund to satisfy the difference, if any, between the fees charged by our affiliated brands and the Development Fee paid hereunder, in each case as we determine, within documentation to be signed by the parties. Further, you and your Affiliates must be in full compliance with this Agreement and all Franchise Agreements and other agreements with us (or any of our affiliates) in order for us to consider such a request.

Lastly, if you request to amend the Development Area set forth in **Exhibit A**, and we agree to such amendment, we reserve the right to charge you an administrative fee of \$1,000 concurrently with executing documentation to effectuate the amended Development Area.

### **C. GRANT OF RIGHTS TO OTHERS; RIGHTS WE RESERVE.**

Except as described in this Section 1.C, and provided you and your Affiliates are in full compliance with this Agreement and all Franchise Agreements and other agreements with us (or any of our affiliates), we will not, during the Term, either own Shops located in the Development Area or grant Franchises (or authorize the grant of Franchises) to any other person or entity to own new Shops to be located in the Development Area. For purposes of clarity, following the Term or any termination of this Agreement, we shall have the right to grant Franchises (or authorize the grant of Franchises) within the Development Area but not within the Protected Areas for Shops provided in the Franchise Agreements executed pursuant to this Agreement. Notwithstanding the foregoing, if multiple maps are attached to **Exhibit A**, once you develop a specified number of Shops within a specific map (which, if applicable, would be set forth in **Exhibit A**) in accordance with this Agreement and sign a Franchise Agreement for each Shop within such map, we shall have the right to grant Franchises (or authorize the grant of Franchises) to any other person

or entity to own new Shops to be located within such map but not within the Protected Areas set forth in the Franchise Agreements for your Shops.

We are not otherwise restricted in any manner from engaging in any business activity whatsoever that is not expressly prohibited by this Agreement, including owning, operating and authorizing others to own and operate Shops outside the Development Area in our discretion.

We may also do any of the following anywhere in the world during the Term of this Agreement, even within the Development Area:

- (1) own and operate or authorize others to own and operate upscale businesses under trademarks that are different from the Marks, even if such businesses offer products and services that are identical or similar to, and/or competitive with, products and services offered by Shops;
- (2) use the Marks or any other trademarks or commercial symbols to own and operate businesses (other than Shops located in the Development Area as described above) and distribution channels (including the internet, retail stores, gift cards, or distribution or fulfillment centers), regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, even if such businesses sell products and/or services that are identical or similar to, and/or competitive with, those that Shops customarily sell;
- (3) establish and operate, and allow others to establish and operate, businesses using the Marks or any other trademarks or commercial symbols at Captive Market Locations. “**Captive Market Locations**” are airports or other transportation terminals, sports facilities, parks and recreation areas, medical campuses, college and university campuses, corporate campuses, a department within an existing retail store, hotels, or other similar types of locations that have a restricted trade area located within the geographic boundaries of the Development Area;
- (4) acquire the assets or ownership interests of one or more businesses, including Competitive Businesses (defined below), and franchise, license or create similar arrangements with respect to such businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operated (including within the Development Area or the Protected Areas for any of your Shops);
- (5) be acquired or become controlled (regardless of the form of transaction) by a business providing products or services similar to those provided at Shops, or by any other business, even if such business operates, franchises, and/or licenses Competitive Businesses; and
- (6) operate or grant any third party the right to operate any Shops that we or our designees acquire as a result of the exercise of a right of first refusal or purchase right that we have under this Agreement or any Franchise Agreement.

With respect to the acquisitions referenced in subsections (4) and (5) above, you acknowledge and agree that any Competitive Businesses that are acquired (or that are operated by a company that acquires us) may be converted into Shops that operate under the Marks, regardless of their location, including Competitive

Businesses that are located within the Development Area or within the Protected Areas for any of your Shops on the date of the acquisition.

**D. BEST EFFORTS/BUSINESS ENTITY.**

You must at all times faithfully, honestly and diligently perform your obligations and fully exploit the Development Rights during the Term and throughout the entire Development Area. You may not subcontract, subfranchise, or delegate any of your obligations under this Agreement to any third parties. If you are a corporation, limited liability company, partnership, or another form of business entity (collectively, an “**Entity**”), you agree and represent that:

- (1) **Exhibit B** lists all of your owners and their interests as of the Effective Date;
- (2) such persons as we designate, which may include the spouses of your owners, will execute an agreement, in the form set forth in **Exhibit C** (the “**Guaranty**”), under which such persons undertake personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us; and
- (3) the business that this Agreement contemplates will be the only business you operate (although your owners may have other, non-competitive business interests).

**E. FINANCING; MAXIMUM BORROWING LIMITS; MINIMUM LIQUIDITY.**

We have granted the Development Rights to you based, in part, on your representations to us, and our assessment of your levels of liquidity as of the Effective Date. You will ensure that, throughout the Term, you will maintain sufficient liquidity and working capital reserves to meet your obligations under this Agreement. We reserve the right to establish and modify specific liquidity requirements from time to time, and you agree to comply with the liquidity requirements that we reasonably impose. At our request, you will provide us with evidence of your liquidity and working capital availability.

**2. EXERCISE OF DEVELOPMENT RIGHTS.**

**A. EXECUTION OF FRANCHISE AGREEMENTS.**

Simultaneously with signing this Agreement, you or an approved Affiliate must sign and deliver to us a Franchise Agreement (which will reflect that no Initial Franchise Fee shall be due) and related documents representing the first Franchise you are obligated to acquire under this Agreement. You or your approved Affiliate must thereafter open and operate a Shop according to the terms of that Franchise Agreement. Thereafter, once we have approved a site, and prior to signing a Lease (as defined below) or otherwise securing possession of the site, you or an approved Affiliate must sign our then-current form of Franchise Agreement and related documents, the terms of which may differ substantially from the terms contained in the Franchise Agreement in effect on the Effective Date. You or an approved Affiliate also must sign our then-current form of “Franchise Agreement Addendum” to reflect changes to the Franchise Agreement to align it with the terms of this Agreement. The current form of Franchise Agreement Addendum is attached as **Exhibit E** to this Agreement. The Franchise Agreement and Franchise Agreement Addendum will govern the development and operation of the Shop at the approved site identified therein.

**B. PROPOSED SITES FOR SHOPS.**

You must give us all information and materials we request to assess each Shop site you propose and to assess your (and your proposed Affiliate's) financial and operational ability to fund the development and operation of each proposed Shop. We have the absolute right to disapprove any site or any Affiliate: (1) that does not meet our criteria, or (2) if you or your Affiliates are not then in compliance with any existing Franchise Agreements executed pursuant to this Agreement or operating your or their Shops in compliance with the System Standards (as defined in such Franchise Agreements). We will use our reasonable efforts to review and approve or disapprove any sites you propose within thirty (30) days after we receive all requested information and materials. Once we approve a proposed site, you or your approved Affiliate must sign a separate Franchise Agreement as described in Section 2.A. If you or your approved Affiliate fails to do so within fifteen (15) days after we provide you with an execution copy of the Franchise Agreement, we may withdraw our approval. In addition, we reserve the right to propose sites to you within the Development Area for the development of Shops contemplated by this Agreement.

You or your approved Affiliates also must provide to us a copy of the fully executed lease (along with any lease addenda or riders that we require) that has been previously approved by us (the "Lease") for each Shop no later than six (6) months before the respective Development Deadline by which that Shop must open (the "Executed Lease Deadline").

**C. COMPLIANCE WITH DEVELOPMENT SCHEDULE.**

You or your approved Affiliates must satisfy the cumulative Shop opening obligations described on the Development Schedule (reflected on **Exhibit A**) by each respective Development Deadline described in the Development Schedule. The Development Schedule does not constitute a representation by us, express or implied, that the Development Area can support, or that there are or will be sufficient sites for, those number of Shops. We are relying on your representation that you have conducted your own independent investigation and have determined that you can satisfy the development obligations set forth in the Development Schedule.

We will count a Shop toward the Development Schedule only if it is actually open and operating for full use by clients within the Development Area and substantially complying with the terms of its Franchise Agreement by each respective Development Deadline. However, a Shop which is, with our approval or because of fire or other casualty, permanently closed within ninety (90) days of a Development Deadline, after having been open and operating, will be counted toward the cumulative Shop opening obligation for that particular Development Deadline, but not for any Development Deadline thereafter.

**D. FAILURE TO COMPLY WITH DEVELOPMENT SCHEDULE.**

If you fail to comply with the Development Schedule or if you fail to provide an executed Lease to us by any Executed Lease Deadline, then, in addition to terminating this Agreement under Section 7 and asserting any other rights we have under this Agreement as a result of such failure, we may, alternatively, and in each case, as we determine, elect to (i) revoke our agreement under Section 1.C not to grant similar development or franchise rights to others within the Development Area; (ii) reduce the size of the Development Area; (iii) re-configure the Development Area; or (iv) modify the Development Schedule by reducing the number of Shops required under the Development Schedule and/or the Development Deadline for such Shops.

## **E. RECORDS AND REPORTING.**

Upon our request or as otherwise noted, you agree to provide us with the following records and reports:

- (1) Within sixty (60) days after the Effective Date, you may be required to prepare and give us, a business plan covering your projected revenues, costs and operations under this Agreement. This business plan will include your detailed projections of development costs and detailed revenue projections for your Shops. No more often than once per calendar year and within sixty (60) days after the start of each calendar year during the Term, you may be required to update the business plan to cover both actual results for the previous year and projections for the then current year. You acknowledge and agree that, while we may review and provide comments on the business plan and any updates you submit to us, regardless of whether we approve, disapprove, require revisions or provide other comments with respect to the business plan or any updated business plan, we take no responsibility for and make no guarantees or representations, expressed or implied, with respect to your ability to meet the business plan or to achieve the results set forth therein. If we request and approve your business plan or any updates to it, you must comply with it in all material respects. You bear the entire responsibility for achievement of the business plan you develop.
- (2) No more often than once per month, within seven (7) days after the end of each month during the Term, you may be required to send us a report of your business activities during that month, including information about your efforts to find sites for Shops in the Development Area and the status of development and projecting openings for each Shop under development in the Development Area.
- (3) Within twenty-eight (28) days after the end of each calendar quarter, you must provide us with consolidated balance sheet and profit and loss statements for you and your Affiliates covering that quarter and the year-to-date and an updated balance sheet and related financial statements for each person signing the Guaranty.
- (4) Within sixty (60) days after the end of each calendar year, you must provide us with an annual profit and loss and source and use of funds statements and a balance sheet, consolidated for you and your Affiliates covering the previous year. We reserve the right to require that you have these financial statements and the financial statements of any prior fiscal years audited by an independent accounting firm designated by us in writing.

Each of the foregoing shall be in the form and format that we reasonably specify, shall be delivered to us in the manner we specify, and shall be certified as correct by you (or one of your owners).

## **3. FEES.**

On your execution of this Agreement, you must pay us a nonrefundable development fee in an amount equal to [\$\_\_\_\_\_] (the “**Development Fee**”). The Development Fee is fully earned by us when you and we sign this Agreement and is nonrefundable.

#### **4. CONFIDENTIAL INFORMATION; INNOVATIONS.**

##### **A. CONFIDENTIAL INFORMATION.**

All information furnished to you by us, whether orally or in writing, including the Franchise Agreements, this Agreement, the System, plans, specifications, financial or business data or projections, all documents, data, information, materials, reports, proposals, procedures, financial information, compensation information, proposed advertising, advertising and marketing plans, operations manuals, formulas, samples, improvements, models, drawings, programs, compilations, devices, methods, designs, techniques and specifications, inventions, know-how, processes, business plans, marketing techniques, information generated by, or used or developed in, your Shops' operations, including information relating to clients (such as client names, addresses, telephone numbers, e-mail addresses, buying habits, preferences, demographic information, and similar information), purchasing techniques, supplier lists, supplier information, advertising strategies, operations, our trade secrets, or any other forms of business information, whether or not marked as confidential (collectively, the "**Confidential Information**"): (1) shall be deemed proprietary and shall be held by you in strict confidence; (2) shall not be disclosed or revealed or shared with any other person except to your employees or contractors who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than your obligations hereunder, or to individuals or entities specifically authorized by us in advance; and (3) shall not be used except to the extent necessary to exercise the Development Rights or as permitted under Franchise Agreements, and then only in circumstances of confidence and in accordance with the obligations set forth in the Franchise Agreements. You will protect the Confidential Information from unauthorized use, access, or disclosure in the same manner as you protect your own confidential or proprietary information of a similar nature and with no less than reasonable care.

All Confidential Information will at all times remain our sole property. You agree to return to us or destroy, at our election, all Confidential Information in your possession or control and permanently erase all electronic copies of such Confidential Information promptly upon our request or upon the expiration or termination of this Agreement, whichever comes first. At our request, you will certify in writing signed by one of your officers that you have fully complied with the foregoing obligations.

##### **B. INNOVATIONS.**

You agree that, as between us, we or our affiliates own the System and any Confidential Information, and that your rights to use the System and Confidential Information, derive solely from this Agreement or from Franchise Agreements executed pursuant to this Agreement. All improvements, developments, derivative works, enhancements, or modifications to the System and any Confidential Information (collectively, "**Innovations**") made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us or our affiliates. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall execute, verify, and deliver such documents (including assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. In the event we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section 4.B, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act

for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 4.B with the same legal force and effect as if executed by you.

**C. GENERAL.**

If you breach any of the provisions of this Section 4, we will be entitled to equitable relief, including in the form of injunctions and orders for specific performance, in addition to all other remedies available at law or equity. The obligations under this Section 4 shall survive any expiration or termination of the Agreement.

**5. RESTRICTIVE COVENANTS DURING TERM.**

**A. COVENANTS AGAINST COMPETITION.**

We have granted you the Development Rights in consideration of and in reliance upon your agreement to deal exclusively with us. Therefore, during the Term, you agree that, other than in accordance with this Agreement, neither you, your Affiliates, nor any of your or their officers, directors, shareholders, members, partners or other owners, nor any spouse of yours or any of these individuals (collectively, “**Bound Parties**”), shall:

- (1) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business (as defined below), wherever located or operating;
- (2) perform services as a director, officer, manager, employee, consultant, lessor, representative, agent or otherwise for a Competitive Business, wherever located or operating;
- (3) divert or attempt to divert any business or memberships related to the Shops, your business, or any other franchisee’s Shop by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of ours, any of our affiliates, or another franchisee or developer, to any Competitive Business;
- (4) interfere with the relationships we, our affiliates, or our franchisees have from time to time with vendors, suppliers or consultants;
- (5) engage in any other activity which might injure the goodwill of the Marks and/or the System; or
- (6) directly or indirectly assist an immediate family member of any of the Bound Parties in engaging in any of the activities listed in subsections (1) – (5) above.

The term “**Competitive Business**” for purposes of this Agreement, means any business (other than a franchise operated under a Franchise Agreement with us or our affiliate) operating or granting franchises or licenses to others to operate any: (i) any retail establishment providing hair-care services (including without limitation, any of the following: haircutting, hair coloring, blow-drying, hair styling, washing); and/or (ii) business that offers or sells products, services, educational materials, or conducts workshops for services that are the same as, similar to, or competitive with the System or other Shops.

**B. COVENANTS FROM OTHERS.**

You agree to obtain from the Bound Parties similar agreements regarding non-competition (Section 5.A and Section 7.C) and Confidential Information (Section 4). You must provide us with copies of all such

agreements on our request. We may regulate the forms of agreement that you use and be a third-party beneficiary of the agreement with independent enforcement rights. You may not assume that any such form we provide you is or will be enforceable in a particular jurisdiction. You are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of such forms, but you must secure our approval, prior to use, of any form that contains variations from the form we provide.

## **6. TRANSFER.**

### **A. BY US.**

This Agreement inures to the benefit of us and our successors and assigns, and we have the right to transfer or assign all or any part of our interest, rights, privileges, duties and obligations hereunder to any person or legal entity without your approval.

### **B. BY YOU.**

You acknowledge that we have granted you the Development Rights in reliance upon, and in consideration of, your business skills, financial capacity and other required qualifications. Accordingly, the rights and duties created under this Agreement are personal to you. Your interest in this Agreement, any of your rights under this Agreement, the Development Rights or any interest therein, and any direct or indirect ownership interest in you (regardless of its size), any approved Affiliate, or any of your owners (if such owners are legal entities) may not be assigned, transferred, shared or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner (collectively, a “**transfer**”), without our prior written consent. Any actual or intended assignment, transfer or sale made in violation of the terms of this Section 6.B shall be null and void and shall constitute a material breach of this Agreement, constituting good cause for termination of this Agreement. Additionally, you may not pledge or encumber this Agreement, your Development Rights or an ownership interest in you or your owners (to someone other than us) as security for any loan or other financing, unless (i) we grant our prior written consent and (ii) the lender agrees that its claims will be subordinate to all amounts you owe at any time to us or our affiliates. The Development Rights may not be transferred.

## **7. TERMINATION OF AGREEMENT.**

### **A. DEFAULT; EVENTS OF TERMINATION.**

You will be deemed in default under this Agreement if you breach any of the terms of this Agreement or if you (or any of your owners) or your Affiliates breach any of the terms of any other area development agreement, franchise agreement, or any other agreement between you (or any of your owners) or your Affiliates and us or any of our affiliates.

Notwithstanding anything otherwise contained in this Agreement, we will have the right to terminate this Agreement at any time and without notice, upon the happening of any one or more of the following events:

- (1) you or your Affiliates fail to pay any amount due under this Agreement or any Franchise Agreement when and as it becomes due and payable, and such failure continues for a period of ten (10) days after written notice from us;
- (2) you cease or threaten to cease to carry on the business granted to you under this Agreement, or take or threaten to take any action to liquidate your assets, or if you

do not pay any debts or other amounts incurred by you in operating the business hereunder when such debts or amounts are due and payable;

- (3) except as otherwise provided in Section 2.D. herein, you fail to comply with the Development Schedule or fail to provide to us an executed Lease by any of the Executed Lease Deadlines;
- (4) you make or purport to make a general assignment for the benefit of creditors; or if you hereto institute any proceeding under any statute or otherwise relating to insolvency or bankruptcy, or should any proceeding under any such statute or otherwise be instituted against you; or if a custodian, receiver, manager or any other person with like powers is appointed to take charge of all or any part of the business granted hereunder or of the shares or documents of title owned by any of your shareholders or title holders; or if you commit or suffer any default under any contract of conditional sale, mortgage or other security instrument in respect of the business being operated hereunder or of the shares or documents of title owned by any of your shareholders or title holders; or if any of your goods, chattels or assets or of the business are seized or taken in execution or in attachment by a creditor, or if a writ of execution is issued against any of such goods, chattels, or assets; or if a judgment or judgments for the payment of money in amounts in excess of \$5,000, is rendered by any court of competent jurisdiction against you;
- (5) you fail to furnish reports, financial statements, tax returns or any other documentation required by the provisions of this Agreement and do not correct such failure within ten (10) days following notice;
- (6) if you are an Entity, (i) an order is made or a resolution passed or any proceedings taken towards your winding up or liquidation or dissolution or amalgamation; or (ii) you lose your charter by expiration, forfeiture or otherwise;
- (7) you or any of your owners has made any material misrepresentation or omission in your or their application and the documents and other information provided to us to support your or their application to acquire the rights granted in this Agreement;
- (8) you (or any of your owners) make or attempt to make an unauthorized transfer (as defined in Section 6.B);
- (9) you (or any of your owners): (i) are convicted of or plead guilty or “no-contest” to a felony, (ii) are convicted of or plead guilty or “no contest” to any crime or other offense likely to adversely affect the reputation of Shops or the goodwill of the Marks, or (iii) engage in any conduct which, in our opinion, adversely affects or, if you were to continue as a developer under this Agreement, is likely to adversely affect the reputation of the business you conduct pursuant to this Agreement, the reputation and goodwill of Shops generally or the goodwill associated with the Marks;
- (10) we provide written notice of your (or any of your owners’) failure (i) on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, or (ii) on two (2) or more separate occasions within

any six (6) consecutive month period to comply with the same obligation under this Agreement, in any case, whether or not you correct the failures after our delivery of notice to you;

- (11) if there is a termination of any other area development agreement, franchise agreement, or any other agreement between you (or any of your owners) or your Affiliates and us or any of our affiliates;; or
- (12) you fail to observe, perform or comply with any other of the terms or conditions of this Agreement not listed in Section 7.A(1) through (11) above, and such failure continues for a period of ten (10) days after written notice thereof has been given by us to you.

If we are entitled to terminate this Agreement in accordance this Section 7.A, we will have the right to undertake any one or more of the actions set forth in Section 2.D above instead of terminating this Agreement.

**B. EFFECTS OF TERMINATION OR EXPIRATION.**

- (1) **Effects.** On the expiration or termination of this Agreement for any reason whatsoever, the following provisions apply:
  - (a) all of your rights under this Agreement will cease, and you are no longer entitled to exercise the Development Rights or hold yourself out to the public as being a developer of Shops;
  - (b) you must immediately cease using all of our Confidential Information and return to us, or destroy, any Confidential Information in your possession or control as further described in Section 4.A. above (except that you may retain and continue to use any Confidential Information that you are permitted to use under any Franchise Agreements which remain in full force and effect); and
  - (c) without limiting any other rights or remedies to which we may be entitled, you must pay all amounts owing to us pursuant to this Agreement up to the date of termination.

**C. COVENANT NOT TO COMPETE / NON-SOLICITATION.**

- (1) **Non-Competition.** Upon termination or expiration of this Agreement, or upon any transfer, you and your owners agree that, for two (2) years beginning on the effective date of termination, expiration or transfer, or the date on which all persons restricted by this Section 7.C begin to comply with this Section 7.C, whichever is later, neither you nor your Affiliates, nor any of the Bound Parties will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, agent, or in any other capacity in any Competitive Business located or operating:
  - (a) within the Development Area; and

- (b) within a three (3) mile radius of any Shop in operation or under construction on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Section 7.C begin to comply with this Section 7.C.
- (2) **Non-Solicitation**. You further agree that, for two (2) years beginning on the effective date of termination or expiration, neither you nor any of the Bound Parties, will:
- (a) interfere or attempt to interfere with our, our affiliates' or our franchisees' relationships with any vendors or consultants; or
  - (b) engage in any other activity which might injure the goodwill of the Marks and/or the System.

**D. SURVIVAL OF COVENANTS.**

Notwithstanding the expiration, termination or transfer of this Agreement for any reason whatsoever, all covenants and agreements to be performed or observed by you will survive any such termination, expiration or transfer.

**8. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

**A. INDEPENDENT CONTRACTORS.**

Each of us is an independent contractor, and neither is considered to be the agent, representative, master or servant of the other for any purpose. Neither of us has any authority to enter into any contract, to assume any obligations or to give any warranties or representations on behalf of the other. Nothing in this Agreement may be construed to create a relationship of partners, joint venturers, fiduciaries, agency or any other similar relationship between us and you.

**B. INDEMNIFICATION.**

To the fullest extent permitted by law, you agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective current and former owners, managers, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of the business you conduct under this Agreement, or your breach of this Agreement, including those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to

maintain and recover fully a claim against you under this Section 8.B. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 8.B.

**9. ENFORCEMENT; ARBITRATION.**

**A. ARBITRATION**

We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to:

- (a) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates);
- (b) our relationship with you; or
- (c) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section 9.A, which we and you acknowledge is to be determined by an arbitrator, not a court);

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one (1) arbitrator and, except as this Section otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in or within fifty (50) miles of our then-current principal place of business (currently, Denver, Colorado). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et seq.*). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

**WE AND YOU AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT AN ARBITRATION PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS,**

DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, (III) JOINED WITH ANY SEPARATE CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

Despite our and your agreement to arbitrate, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in accordance with Section 9.A.; provided, however, that we and you must contemporaneously submit our dispute, controversy or claim for arbitration on the merits as provided in this Section.

We and you agree that, in any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

With respect to any discovery of electronically stored information, you and we agree that such requests must balance the need for production of electronically stored information relevant and material to the outcome of a disputed issue against the cost of locating and producing such information. You and we agree that:

- (1) production of electronically stored information need only be from sources used in the ordinary course of business. No party shall be required to search for or produce information from back-up servers, tapes, or other media;
- (2) the production of electronically stored information shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the information and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;
- (3) the description of custodians from whom electronically stored information may be collected shall be narrowly tailored to include only those individuals whose electronically stored information may reasonably be expected to contain evidence that is relevant and material to the outcome of a disputed issue;
- (4) the parties shall attempt to agree in advance upon, and the arbitrator may determine, reasonable search parameters; and

- (5) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, which cost advance will not be awarded to the prevailing party in any final award.

In any arbitration each side may take no more than three (3) depositions, unless the parties mutually agree to additional depositions. Each side's depositions are to consume no more than a total of fifteen (15) hours, and each deposition shall be limited to five (5) hours, unless the parties mutually agree to additional time.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories.

The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

**B. GOVERNING LAW.**

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) (THE "LANHAM ACT"), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT, THE DEVELOPMENT RIGHTS, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, COLORADO) WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

**C. CONSENT TO JURISDICTION.**

SUBJECT TO SECTION 9.A, YOU AND THE BOUND PARTIES AGREE THAT ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED EXCLUSIVELY IN A STATE OR FEDERAL COURT IN THE LOCATION IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED, WHICH IS CURRENTLY DENVER, COLORADO, AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS.

**D. WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTIONS.**

WE, YOU AND THE OTHER BOUND PARTIES EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT BY ANY PARTY. EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD-PARTY CLAIMS UNDER SECTION 8.B, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM

FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

**E. INJUNCTIVE RELIEF.**

Nothing in this Agreement, including the provisions of Section 9.A, bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from a court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You also agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). You further agree to pay all filing costs and reasonable attorneys' fees, costs, and expenses that we incur in connection with the enforcement of this Section 9.E.

You and your owners acknowledge that any failure to comply with the requirements of Sections 5.A. and 7.C. would result in irreparable injury to us for which no adequate remedy at law may be available. You and your owners accordingly consent to the issuance of an injunction prohibiting any conduct by you or them in violation of the terms of Sections 5.A. and 7.C. (as applicable), without the requirement that we post a bond. You and your owners agree to pay all filing costs and reasonable attorneys' fees and costs that we incur in connection with the enforcement of Sections 5.A. and 7.C. including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of Sections 5.A. and 7.C., or any part of them.

**F. LIMITATION OF CLAIMS.**

Except for claims arising from your non-payment or underpayment of amounts you owe to us pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial proceeding is commenced in accordance with this Agreement within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

You and your owners agree that our and our affiliates' owners, directors, managers, officers, employees and agents shall not be personally liable nor named as a party in any action between us or our affiliates and you or your owners.

**G. ATTORNEYS' FEES AND COSTS.**

The prevailing party in any arbitration or litigation shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees,

incurred by the prevailing party in connection with such arbitration or litigation. References to “attorneys’ fees” concerning amounts which are due and owing to us include any work performed by any attorneys and legal staff working on our behalf, expressly including our in-house attorneys, paralegals, and our administrative costs. In addition to any of your obligations herein to indemnify us against, reimburse us for, or otherwise pay our attorneys’ fees and costs, our in-house attorneys’ work will be invoiced to you at their then-current hourly billing rate (currently, \$400 per hour) while our paralegals’ work will be invoiced to you at their then-current hourly billing rate (currently, \$150 per hour). Notwithstanding the foregoing and for the purpose of clarity, nothing in this Agreement will be construed as establishing a joint-representation arrangement of any kind whatsoever between you and our in-house legal department.

**10. MISCELLANEOUS.**

**A. NOTICES.**

All notices, consents, approvals, statements, documents or other communications required or permitted to be given hereunder must be in writing, and must be delivered (1) personally; (2) by email to [legal@wellbizbrands.com](mailto:legal@wellbizbrands.com); (3) mailed by registered mail, postage prepaid; or (4) sent by reputable overnight courier (such as Federal Express or UPS), to the said parties at their respective addresses set forth in the opening paragraph of this Agreement to the attention of the person indicated below:

If to us:                   Attention: Legal Department

If to you:                 Attention: \_\_\_\_\_

or at any such other address or addresses (including email) as the party to whom such notice, consent approval, statement, documentation or other communication is to be given, may designate by notice in writing so given to the other parties hereto as provided hereinbefore. If any one of the said parties is comprised of more than one person or Entity, any notice, consent, approval, statement, document or other communication may be given by or to any one thereof, and it will have the same force and effect as if given by or to all thereof. Any notices, consents, approvals, statements, documents or other communications, (i) if delivered personally, will be deemed to have been given on the day of delivery, (ii) if emailed will be deemed to have been given at the time of transmission, (iii) if mailed will be deemed to have been given on the second business day (except Saturdays and Sundays) following such mailing, or (iv) if sent via overnight courier when received or refused.

**B. JOINT AND SEVERAL OBLIGATION.**

If either you are comprised of more than one individual or Entity, the obligations of each such individual and Entity under this Agreement will be joint and several.

**C. SEVERABILITY.**

If any term or condition of this Agreement is, to any extent, declared to be invalid or unenforceable, all other terms and conditions of this Agreement, other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term and condition of this Agreement will be separately valid and enforceable to the fullest extent permitted by law.

**D. HEADINGS; CONSTRUCTION.**

Headings preceding the text, sections and subsections hereof have been inserted solely for convenience of reference and will not be construed to affect the meaning, construction or effect of this Agreement. Whenever this Agreement allows or requires us to take actions or make decisions, we may do

so in our sole and unfettered discretion, even if you believe our action or decision is unreasonable, unless the Agreement expressly and specifically requires that we act reasonably or refrain from acting unreasonably in connection with the particular action or decision. The term “including” means “including, without limitation” unless otherwise noted. The term “control” means the right and power to direct or cause the direction of an entity’s management and policies.

**E. WAIVER.**

The waiver by either you or us of a breach of any term or condition contained in this Agreement will not be deemed to be a waiver of such term or condition or any subsequent breach of the same or any other term or condition herein contained unless such waiver is expressly set forth in writing. A party’s failure to exercise any right to demand exact compliance and any custom or practice at variance with the terms and conditions of this Agreement will not constitute a waiver of the right to demand exact compliance with the terms and conditions hereof. Our subsequent acceptance of any amount payable hereunder, will not be deemed to be a waiver of any preceding breach of any term or condition of this Agreement, other than the failure to pay the particular amount so accepted, regardless of our knowledge of such preceding breach at the time of acceptance of such amount.

**F. FURTHER ASSURANCES.**

You and we agree to execute and deliver such further and other agreements, assurances, undertakings, acknowledgements or documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise our vote and influence and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

**G. ENTIRE AGREEMENT.**

This Agreement and all schedules attached hereto constitute the entire agreement of the parties hereto and all prior negotiations, commitments, representations, warranties, agreements and undertakings made prior hereto are hereby merged. Other than the representations in the franchise disclosure document you received from us, there are no other inducements, representations, warranties, agreements, undertakings, or promises, (oral or otherwise) among you and us relating to the subject matter of this Agreement. No subsequent alteration, amendment, change or addition to this Agreement or any schedules will be binding upon the parties hereto unless reduced to writing and signed by us and you or our and your respective heirs, executors, administrators, successors or assigns. 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.

**H. BINDING AGREEMENT.**

This Agreement will inure to the benefit of and be binding upon us and our successors and assigns and will be binding upon you and your heirs, executors, administrators, successors and authorized assigns.

**I. COUNTERPARTS.**

This Agreement may be executed in multiple copies, each of which will be deemed an original. Signatures transmitted via facsimile or scanned and emailed shall have the same force and effect as originals.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement to be effective as of the Effective Date.

**DB FRANCHISE, LLC**,  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DATED\***: \_\_\_\_\_  
(\*This is the Effective Date of this Agreement)

**DEVELOPER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**DEVELOPER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**EXHIBIT A  
TO AREA DEVELOPMENT AGREEMENT**

**DEVELOPMENT AREA; DEVELOPMENT SCHEDULE AND OWNERSHIP**

The **Development Area** is comprised of: \_\_\_\_\_, as further depicted within the outlined area(s) of the map(s) attached hereto. If the Development Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

[AS APPLICABLE: For purposes of the Development Schedule set forth below, [\_\_\_\_\_] Shops must be opened in Map #1 attached hereto and [\_\_\_\_\_] Shops must be opened in Map #2 attached hereto.]

The **Development Schedule** is as follows:

<u>Development Deadline</u>	<b>Minimum Cumulative Number of Shops to be Operating by Development Deadline</b>
_____	_____
_____	_____
_____	_____
_____	_____

*[Signature Page & Map of Development Area (If Applicable) Follow]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Exhibit A to be effective as of the Effective Date.

**DB FRANCHISE, LLC,**  
a Delaware limited liability company

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DATED\*:** \_\_\_\_\_  
(\*This is the Effective Date of this Exhibit A)

**DEVELOPER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**DEVELOPER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**MAP OF DEVELOPMENT AREA**

**EXHIBIT B  
TO AREA DEVELOPMENT AGREEMENT**

**OWNERSHIP INTERESTS**

1. **Form of Owner.**

You are signing as an individual or individuals:  Yes  No

You operate as a  corporation,  limited liability company, or  partnership (CHECK ONE). You were formed on \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and (INSERT ANY ASSUMED NAME OR DBA THAT YOU HAVE USED).

2. **Management.** The following is a list of your managers, directors, and officers, as applicable, as of the date of this Agreement:

<b><u>Name</u></b>	<b><u>Position(s) Held</u></b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners.** The following list includes the full name of each individual who is one of your owners, or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

<b><u>Owner's Name</u></b>	<b><u>Percentage/Description of Interest</u></b>
_____	_____
_____	_____
_____	_____

**EXHIBIT C  
TO AREA DEVELOPMENT AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (“Guaranty”)** is given on \_\_\_\_\_, by the persons indicated below who have executed this Agreement (each a “**Guarantor**”).

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement (the “**Agreement**”) on this date by **DB FRANCHISE, LLC**, a Delaware limited liability company (“**Franchisor**,” “**we**,” “**us**,” or “**our**”), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that \_\_\_\_\_ (“**Developer**”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements therein.

Each Guarantor hereby consents and agrees that: (1) Guarantor’s liability under this Guaranty shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Developer and among other Guarantors; (2) Guarantor shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time to time 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 (including the release of other Guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement, for so long as any performance is or might be owed under the Agreement by Developer or its owners, and for so long as Franchisor has any cause of action against Developer or its owners; (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Developer, and each Guarantor waives notice of any and all renewals, extensions, modifications, amendments, or transfers; (6) upon our request, Guarantor must submit to us suitable credit and financial information to allow Franchisor to make a reasonable decision as to the Guarantor’s creditworthiness and financial position including, without limitation, a personal net worth statement and such other information which would reasonably be considered relevant to Franchisor in determining whether or not Guarantor has the ability to satisfy their obligations under this Guaranty; (7) this Guaranty 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 Agreement by a trustee of Developer. Neither 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; (8) 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. Guarantor hereby waives 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; (9) Guarantor agrees to 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; and (10) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement.

Each Guarantor waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by Franchisor of Guarantor's undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed, and any other notices to which Guarantor may be entitled.

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Developer (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such undersigned (or on such undersigned's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such undersigned is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

Each Guarantor acknowledges and represents that they have had an opportunity to review the Agreement and agrees that the provisions of Section 9 (Enforcement; Arbitration) have been reviewed by Guarantor and are incorporated, by reference, into and shall govern this Guaranty and any disputes between Guarantor and Franchisor. Guarantor agrees to be personally bound by the arbitration obligations under Section 9.A. of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 9.A. of the Agreement in accordance with its terms. Nonetheless, each Guarantor agrees that Franchisor may also enforce this Guaranty and awards in the courts of the state or states in which Guarantor is domiciled.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

**GUARANTOR(S):**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor's Spouse

\_\_\_\_\_  
Signature of Guarantor's Spouse

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor's Spouse

\_\_\_\_\_  
Signature of Guarantor's Spouse

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor's Spouse

\_\_\_\_\_  
Signature of Guarantor's Spouse

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor's Spouse

\_\_\_\_\_  
Signature of Guarantor's Spouse

**EXHIBIT D**  
**TO AREA DEVELOPMENT AGREEMENT**  
**REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT**

**REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT**

**(AREA DEVELOPMENT AGREEMENT)**

**(Not Applicable to Prospective Developers in CA, HI, IL, MD, MN, NY, ND, VA, and WA)**

Do not sign this Questionnaire if you are a Maryland or Washington resident, or the franchise is to be located in Maryland or Washington. The Questionnaire does not apply to Maryland or Washington residents or franchises to be located in Maryland or Washington.

The purpose of this Statement is to demonstrate to DB Franchise, LLC (“Franchisor”) that the person(s) signing below (“I,” “me” or “my”), whether acting individually or on behalf of any legal entity established to acquire the Development Rights, (a) fully understands that the purchase of area development rights is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”) in deciding to purchase the franchise for the Development Rights (the “Franchise”).

In that regard, I represent to Franchisor and acknowledge that:

<p>I understand that buying a Franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the Franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.</p>	<b>INITIAL:</b>
<p>I received a copy of the FDD, including the Area Development Agreement, at least 14 calendar days (10 business days in Michigan) before I executed the Area Development Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the Franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the Franchise.</p>	<b>INITIAL:</b>
<p>Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the Franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD or as indicated below (<b>write “None” if none provided</b>): _____ _____.</p>	<b>INITIAL:</b>

<p>My decision to purchase the Franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the Franchise.</p>	<p><b>INITIAL:</b></p>
<p>I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.</p>	<p><b>INITIAL:</b></p>
<p>I have not received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the Franchise (including any statement, promise or assurance concerning the likelihood of my success) except as contained in the FDD or as indicated below (<b>write “None” if none provided</b>): _____ _____.</p>	<p><b>INITIAL:</b></p>

**Prohibited Parties Clause.** I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the Franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department’s List of Specially Designated Nationals;
2. the U.S. Commerce Department’s Denied Persons List, Unverified List, Entity List, or General Orders;
3. the U.S. State Department’s Debarred List or Nonproliferation Sanctions; or
4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Area Development Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

\*\*\*

Sign here if you are taking the Franchise as an  
**INDIVIDUAL(S)**  
(Note: use these blocks if you are an individual  
or a partnership but the partnership is not a  
separate legal entity)

Sign here if you are taking the Franchise as a  
**CORPORATION, LIMITED LIABILITY  
COMPANY OR PARTNERSHIP**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
Print Name of Legal Entity

Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_  
**Signature**

Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_  
**Signature**

Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_  
**Signature**

Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

California residents should not complete this Questionnaire. If any California franchisee completes the Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

**EXHIBIT E**  
**TO AREA DEVELOPMENT AGREEMENT**  
**FORM OF FRANCHISE AGREEMENT ADDENDUM**

**ADDENDUM TO  
FRANCHISE AGREEMENT  
(MULTI-UNIT FRANCHISEE)**

**THIS ADDENDUM** (“Addendum”) is dated as of the last signature date below (the “Effective Date”) and is attached to and made a part of that certain Franchise Agreement dated as of the same date hereof (the “Franchise Agreement”), by and between **DB FRANCHISE, LLC**, a Delaware limited liability company (“we” “us” or “our”), and [FRANCHISEE] (“you” or “your”). We and you shall collectively be referred to as the “Parties.” All capitalized terms set forth in this Addendum and not otherwise defined herein shall have the meanings ascribed to them in the Franchise Agreement or Area Development (as defined below), as applicable.

**Recitals**

A. You and we are parties to an area development agreement (the “Area Development Agreement”) dated [INSERT DATE] pursuant to which you were granted the right to develop a certain number of Drybar® shops in the territory more fully described in the Area Development.

B. Contemporaneously with the execution of the Area Development Agreement, you and we entered into a franchise agreement (the “Initial Franchise Agreement”), pursuant to which we granted you the right to operate a Drybar® shop located in and around [INSERT CITY/STATE], as described more fully in the Initial Franchise Agreement (the “Initial Shop”). The terms of the Initial Franchise Agreement required you to undergo certain training and other pre-opening activities in anticipation of opening the Initial Shop.

C. Pursuant to the terms of the Area Development Agreement, you have identified, and we have approved, an additional site at which you will operate an additional Drybar® shop (the “Shop”) under the terms of the Franchise Agreement.

D. The Parties desire to make certain modifications to the Franchise Agreement to (i) address your selection and our approval of a location from which you will operate the Shop, (ii) acknowledge that you have already completed certain pre-opening training for the Initial Shop as required under the Initial Franchise Agreement, and (iii) amend certain other terms to reflect you operation of multiple Drybar® shops under the terms of the Area Development Agreement.

**Agreement**

**NOW, THEREFORE**, for and in consideration of the mutual covenants contained herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Section 2.A. Site Selection. We have previously approved the site for the Premises as required under Section 2.A. of the Franchise Agreement and therefore waive the requirement for site selection and approval for the site that we approved. If you are unable to secure a lease for that site and need to identify an alternative site, you must fully comply with the provisions of Section 2.A of the Franchise Agreement. For purposes of clarity, our approval of the site for the Premises does not constitute a representation or warranty of any kind, express or implied, of the site’s suitability for your Shop or any other purposes.

2. Section 2.B. Lease of Site. Section 2.B. is amended to acknowledge that we have approved the site for the Premises and is further amended to provide that you must submit to us a signed copy of the executed Lease and Lease Rider by \_\_\_\_\_. If you are unable to secure a lease for that

site and need to identify an alternative site, you must fully comply with the provisions of Section 2.B of the Franchise Agreement.

3. Section 2.H. Shop Opening. Section 2.H. is amended to provide that the Shop Opening Deadline is \_\_\_\_\_.

4. Section 13.A. Successor Franchise. Section 13.A.1. of the Franchise Agreement is deleted in its entirety and replaced with the following:

you (and each of your owners) have substantially complied with this Agreement and any other area development agreement or franchise agreement between you and us during each agreement's respective term;

5. Section 14.B. Default; Termination by Us. Section 14.B.2. of the Franchise Agreement is deleted in its entirety.

6. Sections 15. Post-termination Obligations; Confidentiality. The Parties acknowledge and agree that, notwithstanding your obligation to comply with any post-termination obligations related to the use of the Marks, the Operations Manual, and Confidential Information, and your operation of a Competitive Business, such obligations will not apply in connection with other Shops you operate in compliance with the terms of a valid franchise agreement with us.

7. Exhibit B to the Franchise Agreement. Search Territory. The Parties acknowledge and agree that there will be no Search Territory as set forth in Exhibit B to the Franchise Agreement.

8. Miscellaneous Provisions.

(a) Governing Law. This Addendum will be construed and enforced in accordance with, and governed by, the laws of the state set forth in the Franchise Agreement.

(b) Amendment. This Addendum may not be modified or amended or any term hereof waived or discharged except in a writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced.

(c) Headings. The headings of this Addendum are for convenience and reference only and will not limit or otherwise affect the meaning hereof.

(d) Controlling Provisions. This Addendum modifies the Franchise Agreement. In the event of any conflict between a provision of the Franchise Agreement and this Addendum, the provisions of this Addendum shall control. Except as amended by this Addendum, the Franchise Agreement is unmodified and in full force and effect in accordance with its terms.

(e) Counterpart Signatures. This Addendum may be executed in any number of counterparts and sent via facsimile or other electronic transmission, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum to be effective as of the Effective Date.

**DB FRANCHISE, LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DATED\*:** \_\_\_\_\_  
(\*This is the Effective Date of this Addendum)

**FRANCHISE OWNER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**FRANCHISE OWNER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

82392656v2

**EXHIBIT D1**

**LIST OF FRANCHISEES AS OF DECEMBER 31, 2025**

<b>Contact</b>	<b>Franchisee</b>	<b>Shop Address</b>	<b>Suite No.</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Shop Phone</b>	<b>ADA*</b>
Jennifer & Peter Warmingham	Just Blowouts LLC	461 John Henry Way	Suite 1030	Madison	AL	35758	256-464-2275	*
Andrea Bannon	Wanger Albright Properties LLC	2410 N College Ave	Suite 2	Fayetteville	AR	72703	479-485-1910	*
Andrea Bannon	Wanger Albright Properties LLC	4650 S Pinnacle Pkwy	Ste 104	Rogers	AR	72758	479-335-1940	*
Andrea Bannon	Albright Bannon Properties LLC	909 SE J Street		Bentonville	AR	72712	479-326-8660	*
Amy and Matt Ross	Purple Ventures VII, LLC	20022 N. 67th Avenue	Suite A118	Glendale	AZ	85308	480-877-1010	*
Amy Ross	Purple Ventures, LLC	15147 North Scottsdale Road	Suite 115	Scottsdale	AZ	85254	(480) 607-5064	*
Amy Ross	Purple Ventures II, LLC	3172 East Camelback Road		Phoenix	AZ	85016	(480) 607-5064	*
Amy Ross	Purple Ventures IV, LLC	6378 North Scottsdale Road	Suite 120	Scottsdale	AZ	85253	(480) 607-5064	*
Amy Ross	Purple Ventures III, LLC	6000 East Camelback Road		Scottsdale	AZ	85251	(480) 725-4067	*
Amy Ross	Purple Ventures V, LLC	2080 East Williams Field Road	Suite 103	Glilbert	AZ	85295	(480) 454-6013	*
Amy Ross	Purple Ventures Holdings, LLC	410 N Scottsdale Rd	Ste 111	Tempe	AZ	85281	480-877-1010	*
Becky Rynas	Desert Bloom Management LLC	2905 E Skyline Dr	Space 208	Tucson	AZ	85718	520-492-6003	
Balboa Bay Club	Balboa Bay Club Ventures, LLC	1221 West Coast Highway		Newport Beach	CA	92663	(888) 8942788	
Brenda Deary & Kristine Hyde	Blown Away, LLC	480 Howe Avenue		Sacramento	CA	95825	916-403-0607	
Brenda Deary & Kristine Hyde	Blown Away 2, LLC	1210 Roseville Parkway		Roseville	CA	95678	916-760-0673	
Courtney Reich	Court of Six LLC	3700 Caminito Court	Suite 400	San Diego	CA	92130	858-771-0820	

Contact	Franchisee	Shop Address	Suite No.	City	State	Zip Code	Shop Phone	ADA*
Daisy Terrazas	Torres CA Holdings Inc.	7901 Kew Avenue		Rancho Cucamonga	CA	91739	909-850-5450	*
Daisy Terrazas	Torres CA Holdings Inc.	12571 Limonite Ave	Suite 270	Eastvale	CA	91752	951-703-1810	*
Derek & Cynthia Maxwell	Marina Del Ray Maxwell LLC	180 El Camino Real	Suite 385A	Palo Alto	CA	94304	650-405-4700	*
Derek & Cynthia Maxwell	Studio City Maxwell LLC	245 Primrose Road		Burlingame	CA	94010	650-525-5600	*
Derek & Cynthia Maxwell	Culver City Maxwell LLC	1634 Bonanza Street		Walnut Creek	CA	94596	925-644-2800	*
Erin Moone	Erin Moone Enterprises LLC	1046 Coast Village Rd	Suite J	Montecito	CA	93108	805-770-1910	*
Mira & Pritesh Patel	Just Blowouts, LLC	3321 Buena Vista Rd	Suite 740	Bakersfield	CA	93311	661-336-9510	
Pargol Russell & Caroline Goldbeck	P and C Enterprise Inc.	111 North El Camino Real	Suite C	Encinitas	CA	92024	760-452-5568	
Regent	DB CA Operations LLC	11677 San Vicente Boulevard		Los Angeles	CA	90049	424-512-2910	
Regent	DB CA Operations LLC	13019 Ventura Boulevard		Studio City	CA	91604	747-279-6300	
Regent	DB CA Operations LLC	8595 Sunset Boulevard		West Hollywood	CA	90069	424-542-7730	
Regent	DB CA Operations LLC	2005-B1 East Park Place		El Segundo	CA	90245	424-502-2810	
Regent	DB CA Operations LLC	966 South Westlake Boulevard	Suite 6	Westlake Village	CA	91361	805-917-6850	
Regent	DB CA Operations LLC	1426 Montana Avenue	Unit 8	Santa Monica	CA	90403	424-842-1810	
Regent	DB CA Operations LLC	146 South Lake Avenue	Suite 102	Pasadena	CA	91106	626-231-7150	
Regent	DB CA Operations LLC	16624 Ventura Boulevard	Suite B	Encino	CA	91436	805-557-8330	
Regent	DB CA Operations LLC	8379 West 3rd Street		Los Angeles	CA	90048	424-453-3500	
Regent	DB CA Operations LLC	6320 Topanga Canyon Boulevard	Suite 1610	Woodland Hills	CA	91367	424-610-9985	
Regent	DB CA Operations LLC	3808 Main Street		Culver City	CA	90232	424-587-5400	
Regent	DB CA Operations LLC	3817 West Riverside Drive		Burbank	CA	91505	747-286-3515	

DB Franchise, LLC  
April 2026 FDD  
Ex. D1 – List of Franchisees

Contact	Franchisee	Shop Address	Suite No.	City	State	Zip Code	Shop Phone	ADA*
Regent	DB CA Operations LLC	700 West 7th Street	Suite S220	Los Angeles	CA	90017	213-786-1930	
Regent	DB CA Operations LLC	25416A Crenshaw Boulevard		Torrance	CA	90505	424-571-5310	
Sandhya & Anish Murthy	Murthy Ventures LLC	15200 Los Gatos Blvd.	Suite 600	Los Gatos	CA	95032	408-560-7666	
Shahab Ahmad	DB Holdings OC LLC	401 Newport Center Drive	Suite A209	Newport Beach	CA	92660	949-529-2615	*
Shahab Ahmad	DB Holdings OC LLC	837 Spectrum Center Drive		Irvine	CA	92618	657-999-8550	*
Shahab Ahmad	Ahmad Capital LLC	5655 E La Palma Ave.	Suite 130	Anaheim	CA	92807	469-444-1580	*
Daisy Terrazas	Torres Capital Management LLC	2540 Tuscany St.	Suite 105	Corona	CA	92881	605-951-9108	*
Cynthia & Derek Maxwell	Hollywood West Maxwell, LLC	123 Kearny St		San Francisco	CA	94111	540-369-3310	*
Jores Kharatian & Kristina Zenzhiryan	DB La Canada Inc	657 Foothill Blvd		La Canada Flintridge	CA	91011	813-675-2253	*
Caitlin Heidrick	CFB3 LLC	7525 E 29th Place		Denver	CO	80238	720-853-1935	*
Misty Halaby	DB Denver, LLC	3290 East First Avenue		Denver	CO	80206	303-242-3513	
Misty Halaby	DB Park Meadows, LLC	8423 Park Meadows Center Drive	Suite 175	Lone Tree	CO	80124	303-552-2520	
Misty Halaby	DB Boulder, LLC	1810 29th Street	Suite 1026	Boulder	CO	80301	720-263-4101	
Julie Sterling	Sterling Salon of Georgetown LLC	1825 Wisconsin Avenue NW		Washington	DC	20007	202-506-4373	
Julie Sterling	Sterling Salon of Penn Quarter LLC	1006 E Street NW		Washington	DC	20004	202-845-8894	
Ami Govindaraju	Style Lounge Tampa, LLC	711 South Howard Avenue		Tampa	FL	33606	813-675-2253	
Ami Govindaraju	SLT Carrollwood, LLC	12925 North Dale Mabry Highway		Tampa	FL	33618	813-675-2253	
Jillian & Dennis McClure	LIV2GROW Inc.	5265 University Parkway	#105	University Park	FL	34201	941-231-7418	

Contact	Franchisee	Shop Address	Suite No.	City	State	Zip Code	Shop Phone	ADA*
Juan & Whitney Salazar	DB Alton Town Center LLC	5300 Donald Ross Rd	Ste 105	Palm Beach Gardens	FL	33418	561-363-5400	
Juan & Whitney Salazar	DB West Palm Beach LLC	3161 S Dixie Hwy		West Palm Beach	FL	33405	561-769-2250	
Mary Mullins	Blowdry-Destin LLC	755 Grand Blvd	B-99	Miramar Beach	FL	32550	850-659-2370	*
Michelle & Gary Prager	G&M Lash Studios, LLC	6375 N Wickham Rd		Melbourne	FL	32940	321-456-9451	
Robyn Goukas, Nicholas Hamm	DB Winter Park LLC	415 S Orlando Ave.	Suite 215	Winter Park	FL	32789	407-622-7688	*
Juan & Whitney Salazar	DB Brickell LLC	701 South Miami Avenue	Suite 320A	Miami	FL	33131	754-277-2940	
Juan & Whitney Salazar	DB FFL LLC	2350 North Federal Highway	Unit 300	Ft. Lauderdale	FL	33305	859-618-6093	
Jillian & Dennis McClure	LIV2GROW S Tamiami LLC	1275 South Tamiami Trail		Sarasota	FL	34239	470-423-0125	*
Robyn Goukas, Nicholas Hamm	DB Windermere LLC	4750 The Grove Drive, Suite 140		Windermere	FL	34786	407-605-2495	*
Amanda Vann Austin & Jared Austin	Zulu Bar LLC	4475 Roswell Rd	Suite D 930	Marietta	GA	30342	470-423-0125	*
Candice Mann	Candibar LLC	4300 Paces Ferry Rd. SE	Suite # 610	Atlanta	GA	30339	470-607-3390	*
Chris Hadderman	Drybar Atlanta, LLC	4155 Avalon Boulevard		Alpharetta	GA	30009	470-289-5004	
Chris Hadderman	Drybar Midtown, LLC	60 11th Street	Suite 3B	Atlanta	GA	30309	470-943-6175	
Chris Hadderman & Michael Eversten	Drybar Atlanta, LLC	102 West Paces Ferry Road NW	Suite B	Atlanta	GA	30305	404-382-5310	
Amanda & Jared Vann Austin	Foxtrot Lash LLC	240 North Highland Avenue Northeast	C-2	Atlanta	GA	30307	678-275-5350	

Contact	Franchisee	Shop Address	Suite No.	City	State	Zip Code	Shop Phone	ADA*
Caitlin Heidrick	CFB3 LLC	3894 Due West Rd	235	Marietta	GA	30064	571-479-2285	*
Roger Wall	Aloha Blowouts LLC	600 Ala Moana Boulevard	Suite 1A	Honolulu	HI	96813	808-450-3530	
Roger Wall	Aloha Blowouts LLC	2330 Kalakaua Avenue		Honolulu	HI	96815	808-470-5900	
Roger Wall	Aloha Blowouts LLC	4210 Waialea Ave.	Suite 402	Honolulu	HI	96816	808-339-3878	
Brandie Chapman & Michael Chapman	B's Blow Dry, LLC	2035 Beebe Blvd		Coeur D'Alene	ID	83814	208-601-6115	*
James & Ahnna Dudley	Victors DB LLC	1060 S Ancona Ave	Ste 180	Eagle	ID	83616	208-275-8204	
James & Ahnna Dudley	Victors DB LLC	1188 W Grove St		Boise	ID	83702	208-944-3310	*
Brandice Hampton	RGOH Enterprises LLC	2044 S. Naperville Rd.	Ste. #3	Wheaton	IL	60189	(630) 868-9705	*
Joy Vertz	Joy DB LP LLC	1611 North Sheffield Avenue		Chicago	IL	60614	872-264-5340	
Joy Vertz	Joy DB RN LLC	755 North Wells Street		Chicago	IL	60654	872-281-8280	
Joy Vertz	Joy DB-W, LLC	172 Adams Street		Chicago	IL	60603	872-664-6900	
Corinne Suarez	Maxidoodle Enterprises Corporation	304 South Route 59	Suite #140	Naperville	IL	60540	331-330-7775	*
Mandy Vine, Sasha (Williams) Higgins, Mary Brown, James Morley	CB Carmel LLC	14390 Clay Terrace Blvd	Suite D01C	Carmel	IN	46032	(463) 388-9780	
Joy Vertz, Megan Zumach	Twin Crowns LLC	10433 Indianapolis Blvd.	Unit # 28	Highland	IN	46322	(219) 301-1505	
Sasha Higgins	DB Indy Bottleworks LLC	830 Massachusetts Ave	Ste 1440	Indianapolis	IN	46204	463-426-5100	
Sasha Williams	DB Indy Uptown, LLC	8691 River Crossing Boulevard		Indianapolis	IN	46240	317-682-1661	

Contact	Franchisee	Shop Address	Suite No.	City	State	Zip Code	Shop Phone	ADA*
Hannah Ellisen & Anabel Atkinson	DB Kansas City LLC	3937 W 69th Terrace	Ste B	Prairie Village	KS	66208	913-348-7550	*
Mandy Vine	DB Louisville, LLC	4904 Shelbyville Road		Louisville	KY	40207	502-871-3524	
William Farish IV	DB Lexington Chevy Chase, LLC	836 Euclid Avenue	Suite 101	Lexington	KY	40502	571-512-5496	
Milan & Dharmisha Patel	Slammd, LLC	4450 Hwy 22	Ste #2	Mandeville	LA	70471	(985) 612-7010	*
Stephanie & Steven Parker	DB NOLA, LLC	6101 Magazine St.		New Orleans	LA	70118	781-385-5910	*
Derek & Cynthia Maxwell	Brentwood Maxwell, LLC	234 Clarendon Street		Boston	MA	2116	857-371-7600	
Derek & Cynthia Maxwell	Victoria Gardens Maxwell LLC	210 Boylston Street	Unit B111	Chestnut Hill	MA	2467	857-678-1400	
Holly & Christopher Piumelli	Piumelli Enterprises Inc	142 Brimbal Ave.	Unit 7	Beverly	MA	1915	978-529-3112	
Derek and Cynthia Maxwell	Beverly Hills Maxwell LLC	92 Derby Street	#115	Hingham	MA	2043	(806) 410-2800	
Lindsay Roberts, Timothy Roberts, Maria-Alicia Smithell & James Smithell	Maine Wellness, LLC	175 Turnpike St.		North Andover	MA	1845	941-315-6120	*
Julie Sterling	Sterling Salon of Bethesda LLC	11861 Grand Park Avenue	Unit 706	North Bethesda	MD	20852	240-800-7676	
Sana Abidi	DB Baltimore LLC	727 West 40th St	Suite 144	Baltimore	MD	21211	443-703-1675	
Sana Abidi	DB Baltimore LLC	1 E Joppa Rd	#140	Towson	MD	21286	410-324-2067	

Contact	Franchisee	Shop Address	Suite No.	City	State	Zip Code	Shop Phone	ADA*
Erinn Moss	Eightfifteen, Inc	137 West Maple Road		Birmingham	MI	48009	248-566-1793	
Erinn Moss	Sevenfourteen, Inc	3010 Washtenaw Avenue	A105	Ann Arbor	MI	48104	734-412-4989	*
Anna Chalmers, & Ann Evers	Minnebar Edina LLC	200 Southdale Center	Suite B	Edina	MN	55435	(612) 234-2804	
Jill Schad & Anna Chalmers	TBT Ventures Inc.	330 Engel Street		Wayzata	MN	55391	612-464-3100	
Angie Nelson & Sarah Carden	Starkamp Enterprises LLC	303 North Stadium Blvd	#105	Columbia	MO	65203	573-303-0008	
Caroline Morehead	Ferris, LLC	1580 South Lindbergh Blvd		St. Louis	MO	63131	314-202-5082	
Caroline Morehead Wideman	Ferris Clayton LLC	7676 Forsynth Blvd		Clayton	MO	63105	314-353-9550	*
Kila & Chase Reynolds	DB Missoula, LLC	140 E Front St		Missoula	MT	59802	406-303-2976	*
Diane & Daniel Perez	LNP Legacy, LLC	920 Inspiration Dr.		Wilmington	NC	28405	(910) 726-3010	
Jackie Paynter	Setelloane, LLC	6401 Morrison Boulevard		Charlotte	NC	28211	385-429-5334	
Jackie Paynter	Stelloane 2, LLC	2120 South Boulevard	Unit 4	Charlotte	NC	28203	704-665-1903	
Jackie Paynter & Matthew Paynter	Stelloane III, LLC	16926-B Birkdale Commons Pkwy	Suite 49	Huntersville	NC	28078	704-486-5239	*
Jackie Paynter & Matthew Paynter	Stelloane 4, LLC	14020 Stream Way	116	Charlotte	NC	28277	(704) 247-5529	*
Sarah Seward	DB Raleigh, Inc	302 Colonades Way	Suite 206- D	Cary	NC	27518	(434) 906-7524	
Sarah Seward	DB Raleigh2, LLC	1111 Mercantile Drive	Suite 100	Raleigh	NC	27609	919-670-1072	
Doug, Melissa, Charlotte, & Sophia Hegarty	DMSC Hegarty Holdings, LLC	120 Regency Parkway	Suite 100	Omaha	NE	68114	402-218-4100	
Julie Rhule	Kehrer Hill Enterprise, LLC	2900 Pine Lake Rd	Suite F	Lincoln	NE	68516	531-278-5199	*

Contact	Franchisee	Shop Address	Suite No.	City	State	Zip Code	Shop Phone	ADA*
Lindsay Roberts, Timothy Roberts, Maria-Alicia Smithell & James Smithell	Mane Wellness, LLC	16 Via Toscana		Salem	NH	3079	603-458-0035	*
James Paterson	SMDB Paramus LLC	1 Garden State Plaza	Unit A9	Paramus	NJ	7652	551-290-2945	
James Paterson	SMDB Summit LLC	92 Summit Avenue		Summit	NJ	7901	908-738-1050	
Nicholas Marco, Tara & Daniel Bogota	DB Toms River LLC	1358 Hooper Ave.	Suite#17	Toms River	NJ	8753	732-503-9962	*
Nicholas Marco, Tara & Daniel Bogota	DB Wall, LLC	1861 Highway 35	Suite #7	Wall Township	NJ	7719	732-825-7974	*
David & Ana Maria Gimpelson	DB Boca Park LLC	750 S Rampart Blvd	Suite 14	Las Vegas	NV	89145	725-210-6284	*
David & Ana Maria Gimpelson	DB Uncommons, LLC	6820 Helen Toland St.	Suite 100	Las Vegas	NV	89113	(702) 342-8659	*
Regent	DB NV Operations LLC	3200 Las Vegas Boulevard		Las Vegas	NV	89158	725-567-9500	
Regent	DB NV Operations LLC	2280 Paseo Verde Parkway	Suite 150	Henderson	NV	89052	725-245-1130	
David & Ana Maria Gimpelson	DB Miracle Mile, LLC	3663 Las Vegas Blvd S	E010	Las Vegas	NV	89109	(571) 453-7725	*
Erica Martinez	DB Nanuet, LLC	8119 Fashion Dr.		Nanuet	NY	10954	(845) 288-1076	
James Paterson	SMDB White Plains LLC	1 North Broadway		White Plains	NY	10601	914-219-4958	
Regent	DB NY Operations LLC	4 West 16th Street		New York	NY	10011	332-242-8080	
Regent	DB NY Operations LLC	119 West 56th Street		New York	NY	10019	332-242-8470	
Regent	DB NY Operations LLC	180 West Broadway		New York	NY	10013	332-242-8510	
Regent	DB NY Operations LLC	141 East 56th Street		New York	NY	10022	332-242-8530	

Contact	Franchisee	Shop Address	Suite No.	City	State	Zip Code	Shop Phone	ADA*
Regent	DB NY Operations LLC	250 South Service Road	Suite A-130	Roslyn Heights	NY	11577	516-231-9910	
Regent	DB NY Operations LLC	60 East 10th Street		New York	NY	10003	332-242-8120	
Regent	DB NY Operations LLC	230 Vesey Street	Unit 203C	New York	NY	10281	(332) 242-8310	
Regent	DB NY Operations LLC	44 Crosby Street		New York	NY	10012	332-242-8240	
Regent	DB NY Operations LLC	490 West 42nd Street		New York	NY	10036	332-242-8130	
Regent	DB NY Operations LLC	225 West 57th Street		New York	NY	10019	332-242-8210	
Jenna & Evan Rankin	Toledo DB LLC	4135 Levis Commons Blvd	Space 520	Perrysburg	OH	43551	(567) 331-1965	*
Maripat Klein (Pacino), Hannah Johnston, Richard Santarelli	DB Cleveland, LLC	24681 Cedar Road		Lyndhurst	OH	44124	216-270-2239	
Maripat Klein, Hannah Johnston, Richie Santarelli	DB Westlake LLC	300060 Detroit Road	#105	Westlake	OH	44145	440-414-3167	
Derek & Cynthia Maxwell	Maxwell Tulsa LLC	1520 E 15th St.	Suite A	Tulsa	OK	74120	539-202-3663	*
Pam Nath	SNP Group, Inc.	5840 North Classen Boulevard	Suite 1	Oklahoma City	OK	73118	405-301-8614	
Pam Nath	SNP Group, Inc.	120 N Robinson Ave.	Suite #120	Oklahoma City	OK	73102	405-367-8420	
Tame'ra Kim and Deahwan Kim	TNP LLC	2236 24th Ave NW	Ste 2B/10	Norman	OK	73069	405-701-9150	
Karly & Derek Anderson	Karder Enterprises, LLC	13220 SE 172nd Ave	Ste 166	Happy Valley	OR	97086	971-396-3605	*
Lori Harrison & Raegan Chapman	Mariposas Amarillo, LLC	305 Oakway Rd		Eugene	OR	97401	458-239-5050	*

Contact	Franchisee	Shop Address	Suite No.	City	State	Zip Code	Shop Phone	ADA*
Lori Harrison & Raegan Chapman	Mariposas Amarillo, LLC	310 SW Industrial Way		Bend	OR	97702	480-877-1010	
James Paterson	SMDB Center City LLC	1701 Market Street	Suite 500	Philadelphia	PA	19103	267-641-1050	
James Paterson	SMDB Ardmore LLC	4 Coulter Avenue	Suite 103	Ardmore	PA	19003	484-673-0007	
James Paterson	SMDB Kop LLC	101 Main Street	Suite 180	King of Prussia	PA	19406	484-808-5610	
Derek Maxwell	Rolling Hills Maxwell, LL	100 Siena Drive	Suite 145	Upper St. Clair	PA	15241	412-533-9390	
Pamela Gentile	Abraham & Gentile, Inc.	1661 Easton Rd	A1A	Warrington	PA	18976	215-792-2950	
Cassandra & Jacob Rochefort	Black & Yellow LLC	4000 Chapel View Blvd.	Ste 135	Cranston	RI	2920	401-350-7600	
Cassandra & Jacob Rochefort	Hot Air, LLC	50 Park Row West	Unit 106	Providence	RI	2903	(401) 214-5513	*
Anna Chalmers	Carolinabar Charleston LLC	556 King Street		Charleston	SC	29403	843-872-3570	
Kim Perez	Hair She Goes SF, LLC	4101 West 41st Street		Sioux Falls	SD	57106	650-684-9910	
Bonnie Horton Willoughby	DB Nashville Two, LLC	1100 Charlotte Avenue		Nashville	TN	37203	615-933-1120	*
Bonnie Horton Willoughby	DB Nashville One, LLC	213 Franklin Road	Suite 100	Brentwood	TN	37027	615-866-3448	*
Bonnie Horton, Joel Horton, & David Horton	Horton Willoughby LLC	6001 Hughes Crossing	Suite 100	Franklin	TN	37064	(615) 914-3403	*
Stephen Uhls	DB East TN, LLC	11681 Parkside Dr		Knoxville	TN	37934	813-675-2253	
Anne & Matthew Evers	DBTEX Evers LLC	1141 Uptown Park Boulevard	Unit 3	Houston	TX	77056	346-315-3250	
Anne & Matthew Evers	DBTEX Evers LLC	2610 Westheimer Road		Houston	TX	77098	346-315-4570	
Anne & Matthew Evers	DB Tex Evers LLC	3001 Palm Way	Suite 142	Austin	TX	78758	737-221-6935	
Anne & Matthew Evers	DB Tex Evers LLC	16535 Southwest Freeway	Space 3015	Sugar Land	TX	77479	346-315-4595	
Anne & Matthew Evers	DB Tex Evers LLC	2519 Amherst Street		Houston	TX	77005	346-315-3540	

Contact	Franchisee	Shop Address	Suite No.	City	State	Zip Code	Shop Phone	ADA*
Anne & Matthew Evers	DBTEX Evers LLC	9596 Six Pines Drive	Suite 430	Woodlands	TX	77380	346-315-3615	
Anne & Matthew Evers	DBTEX Evers LLC	202 Colorado Street	Suite 913	Austin	TX	78701	737-221-5330	
Caroline Shaheen Diaz	CSD Adventure, LLC	713 University Drive E	Suite # 400	College Station	TX	77840	979-575-6525	
Derek & Cynthia Maxwell	Maxwell DB Group LLC	255 E Basse Rd	Suite 910	San Antonio	TX	78209	210-817-1401	
Jamie Dawson	FCSD LLC	596 E Stacy Rd		Allen	TX	75002	214-509-5872	*
Rowena "Ro" Rynd & Kori Green	RRKG Holdings LLC	1701 Shoal Creek	Unit F120	Highland Village	TX	75077	972-316-7155	*
Sarah & Tim Atkinson	Yello Splash, LLC	1421 South Willis St	Suite B	Abilene	TX	79605	325-266-9810	*
Sarah & Tim Atkinson	Yellow Splash, Inc.	7320 Milwaukee Ave	Suite 500	Lubbock	TX	73424	(806) 403-2121	*
Shehzaan Chunara and Daniyal Ranmal	DBR Styles LLC	3000 S Hulen St.	Suite #127	Fort Worth	TX	76109	469-444-1580	
Shehzaan Chunara and Daniyal Ranmal	DBR Styles LLC	4222 Oak Lawn Avenue		Dallas	TX	75219	469-444-1580	
Shehzaan Chunara and Daniyal Ranmal	DBR Styles LLC	7300 Lone Star Drive	Suite C-126	Plano	TX	75024	469-444-1580	
Shehzaan Chunara and Daniyal Ranmal	DBR Styles LLC	8687 North Central Expressway	Suite F2-940	Dallas	TX	75225	469-444-1580	
Shehzaan Chunara and Daniyal Ranmal	DBR Styles LLC	1401 William D. Tate Avenue	#200	Grapevine	TX	76051	469-444-1580	

Contact	Franchisee	Shop Address	Suite No.	City	State	Zip Code	Shop Phone	ADA*
Shehzaan Chunara and Daniyal Ranmal	DBR Styles LLC	1653 River Run	Suite 161	Fort Worth	TX	76107	469-444-1580	
Shehzaan Chunara and Daniyal Ranmal	DBR Styles LLC	2020 Cedar Springs Road	Suite 185	Dallas	TX	75201	504-326-1940	
Susan Ellington & George Jennings	Rambam Enterprises, Inc.	2621 Wolfen Village		Amarillo	TX	79109	786-460-1940	
Cindy & Daniel Chism	DBTX Holding LLC	201 E Central Texas Expy	#640	Harker Heights	TX	76548	951-621-1660	*
Kimberly Pruitt	Luxe Blowouts - Alliance LLC	9550 Sage Meadow Trail	177	Fort Worth	TX	76177	(702) 720-2950	*
Caitlin Heidrick	CFB3 LLC	1133 E. Wilmington Ave.		Salt Lake City	UT	84106	385-429-5334	
Christine Verfurth	DB RVA II, LLC	14243 Winterview Pkwy		Midlothian	VA	23113	804-601-120	*
Christine Verfurth	DB Virginia Beach LLC	4596 Columbus St		Virginia Beach	VA	23462	757-656-4403	
Christine Verfurth	DB RVA I, LLC	5820 Patterson Ave.	Suite 102	Richmond	VA	23226	804-522-5510	*
Christine Verfurth	DB Charlottesville, LLC	2136 Barracks Rd		Charlottesville	VA	22903	(434) 202-6610	*
Julie Sterling	Sterling Salon of Alexandria LLC	1006 King Street		Alexandria	VA	22314	571-895-7650	
Matt & Brittany Brom	DB NOVA LLC	Reston Town Center, 11985 Market St.		Reston	VA	20190	703-376-6665	*
Matt & Brittany Brom	DB NOVA 2 LLC	269 19th Court South	#63	Arlington	VA	22202	(571) 384-1038	*
Ivonne & Kevin Waller	DB Fairfax, LLC	11889 Grand Commons Avenue	Q889	Fairfax	VA	22030	254-247-0600	*
Casey & Travis Kidd	KIDD CO LLC	5980 Plank Rd.	3	Fredericksburg	VA	22407	(540) 369-3310	

Contact	Franchisee	Shop Address	Suite No.	City	State	Zip Code	Shop Phone	ADA*
Julia Sterling	Sterling Salon of Ballston LLC	4238 Wilson Boulevard	1160	Arlington	VA	22203	(404) 620-1870	*
Gerald Belton	Belton Enterprises, Inc.	20605 Easthampton Plaza	D104	Ashburn	VA	20147	978-237-4260	*
Nordstrom Inc.	Nordstrom, Inc.	100 Bellevue Square		Bellevue	WA	98004	425-455-5800	
Joy Vertz	Joy DB, LLC	243 East Buffalo Street		Milwaukee	WI	53202	414-395-8075	
Joy Vertz	Joy DB, LLC	324 E Silver Pring Dr		Whitefish Bay	WI	53217	414-285-3310	

1. Indicates the Franchisee (or an affiliate) is a party to an Area Development Agreement. Additionally, our predecessor offered certain “Development Rights Agreements” for Shops to be developed the metropolitan markets of Honolulu, Hawaii, Atlanta, Georgia, Minneapolis, Minnesota, Detroit, Michigan, and Charlotte, North Carolina.

2. DB CA Operations LLC, DB DC Operations LLC, DB NV Operations LLC, and DB NY Operations LLC are each alternatively referred to herein as “Regent.”

**EXHIBIT D2**

**FRANCHISEES WHO LEFT SYSTEM DURING LAST FISCAL YEAR**

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

<b>Former Shop State</b>	<b>Former Franchisee</b>	<b>Primary Contact</b>	<b>Phone</b>
FL	Party of Nine Holdings Inc.	Jeremy Pfeifer & Nancy Caliguire	617-314-5147
IN	NWI DB Inc.	Niki Gagianas	219-308-8655
NJ	1921 Enterprises LLC	Nicole Kahn and Matthew Kahn	407-409-6800
PA	Haute Hair Pittsburgh LLC	Melissa Dellovade	412-260-3237
SC	Carolinabar Charleston LLC	Alex Chalmers	612-805-7055
TX	Drybar Park Cities LLC	Shannon & Jeff Williams	214-754-9302
TX	Drybar Legacy LLC	Shannon & Jeff Williams	214-754-9302
TX	Drybar NP LLC	Shannon & Jeff Williams	214-754-9302
TX	Drybar Grapevine LLC	Shannon & Jeff Williams	214-754-9302
TX	Drybar Fort Worth LLC	Shannon & Jeff Williams	214-754-9302
TX	DB Uptown Dallas LLC	Shannon & Jeff Williams	214-754-9302
TX	DB FTW 2 LLC	Shannon & Jeff Williams	214-754-9302
UT	Dreaming Big LLC	Heather & Paige Osmond	801-787-7164

**EXHIBIT D3**

**LIST OF FRANCHISES SOLD BUT NOT YET OPENED AS OF DECEMBER 31, 2025**

<b>Shop Territory</b>	<b>Shop State</b>	<b>Entity Name</b>	<b>Franchisee Name</b>	<b>Franchisee Phone</b>	<b>ADA</b>
Long Beach	CA	NB Rai Limited Liability Company	Amanjote "Aman" Kaur & Sahibjeet Rai	714-684-4739	*
Temecula (San Clemente)	CA	Rai Family, LLC	Amanjote "Aman" Kaur, Sahibjeet Rai & Arshpreet Kaur Tiwana	714-684-4739	*
Modesto	CA	Kosah LLC	Katrina and Bobby Ismail	209-872-2061	
Oxnard	CA	The Blowout Collective Inc	Lauren & Andrew Caviglia	310-880-0657	*
Huntington Beach	CA	Pink Lotus Unlimited LLC	Tara Iyengar	909-287-4153	*
Christiana	DE	CLA Capital Partners LLC	Angelique Patterson	323-251-7735	*
Wesley Chapel	FL	Horizon Hair One, LLC	August & LeShundra Haughton	916-799-7355	
Bonita Springs and Naples	FL	Sterling Capital LLC	Julia Sterling	917-750-5095	*
Miami	FL	DB West Palm Beach LLC	Whitney & Juan Salazar	917-882-6253	*
Johns Creek	GA	Candibar, LLC	Candice Mann	323-356-8448	*
Sandy Springs	GA	Candibar, LLC	Candice Mann	323-356-8448	*
Vernon Hills	IL	AGS Venture 1 LLC	Teofil (Teo) and Esther Scorte	773-220-5250	*
Indianapolis	IN	DB Indy Holdings, LLC	Sasha (Williams) Higgins	321-277-9213	*
Leawood	KS	DB Kansas City LLC	Hannah Ellisen and Anabel Atkinson	904-874-7817	*
Bedford	NH	Mane Wellness, LLC	Lindsay Roberts, Timothy Roberts, Maria-Alicia Smithell & James Smithell	978-771-8491	*
Buffalo	NY	Salarah LLC	Sarah Muneer and Faisal Muneer	716-860-6275	*
Charleston	SC	DBMG Charleston LLC	Christine Verfurth	757-651-5828	*
Cypress	TX	DBTX Evers LLC	Anne Evers	608-220-2363	*
San Antonio at the Rim	TX	Maxwell DB Group, LLC	Cynthia & Derek Maxwell	956-534-2052	*
Waco	TX	Erin Tresselt & Scott Murray	Erin Tresselt & Scott Murray	281-731-3251	*
Fresno	TX	The Blowout Collective Inc	Lauren & Andrew Caviglia	310-880-0656	*
Prosper	TX	DB Prosper, LLC	Stephanie & Steven Parker	213-309-0326	*
Spokane	WA	B's Blow Dry LLC	Michael and Brandie Chapman	208-771-0468	

*\*Indicates the Franchisee (or its affiliate) is a party to an Area Development Agreement.*

**EXHIBIT E**  
**FINANCIAL STATEMENTS OF**  
**STEELE POMP INVESTMENT, LLC**

Consolidated Financial Statements and  
Report of Independent Certified Public  
Accountants

**Steele Pomp Investment, LLC and Subsidiaries**

As of December 31, 2025 and 2024 and for the  
three years ended December 31, 2025

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**GRANT THORNTON LLP**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Steele Pump Investment, LLC

**Opinion**

We have audited the consolidated financial statements of Steele Pump Investment, LLC (a Delaware limited liability corporation) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in members' equity, and cash flows for the three years ended December 31, 2025, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the three years ended December 31, 2025 in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

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

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*Grant Thornton LLP*

Denver, Colorado  
April 1, 2026

Steele Pump Investment, LLC and Subsidiaries

**CONSOLIDATED BALANCE SHEETS**

December 31,

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 5,919,804	\$ 5,740,237
Accounts receivable - net	2,396,415	1,640,004
Notes receivable	35,714	58,000
Inventory - net	1,346,171	1,108,004
Deferred franchise costs	175,555	167,970
Prepaid and other	722,187	471,872
Total current assets	10,595,846	9,186,087
<b>Property and equipment - net</b>	2,616,156	2,155,823
<b>Goodwill - net</b>	10,864,978	12,885,950
<b>Intangible assets - net</b>	5,532,778	8,006,111
<b>Other noncurrent assets</b>		
Deferred franchise costs, less current portion	1,174,612	1,242,096
Notes receivable, less current portion	1,606,513	1,709,865
Total other noncurrent assets	2,781,125	2,951,961
Total assets	\$ 32,390,883	\$ 35,185,932
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 351,875	\$ 437,592
Accrued expenses	1,599,945	2,031,416
Due to affiliate	347,335	547,795
Deferred gift card revenues - net	94,577	386,324
Deferred revenues - franchise-related	1,066,218	1,082,072
Total current liabilities	3,459,950	4,485,199
<b>Other noncurrent liabilities</b>		
Deferred revenues - franchise-related, less current portion	6,627,530	7,584,149
Total other noncurrent liabilities	6,627,530	7,584,149
Total liabilities	10,087,480	12,069,348
<b>Commitments and contingencies (Note 10)</b>		
<b>Members' equity</b>		
Members' equity	22,303,403	23,116,584
Total members' equity	22,303,403	23,116,584
Total liabilities and members' equity	\$ 32,390,883	\$ 35,185,932

The accompanying notes are an integral part of these consolidated financial statements.

**Steele Pump Investment, LLC and Subsidiaries**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**For the years ended December 31,**

	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Revenues</b>			
Royalties	\$ 12,196,861	\$ 11,268,035	\$ 8,812,602
Franchise fees	1,762,373	1,750,910	1,260,839
Other franchise related revenues	-	-	71,095
Marketing revenues	3,663,793	3,827,873	4,247,316
Technology and other revenues	2,686,499	2,340,160	2,007,328
Product sales	10,654,750	10,156,024	8,451,896
Total revenues	30,964,276	29,343,002	24,851,076
<b>Expenses</b>			
Franchise-related costs	2,285,359	2,288,992	1,739,478
Cost of product sales	8,200,558	7,760,772	6,962,726
Payroll	3,914,729	1,654,247	1,234,750
Marketing, advertising and promotion	4,607,266	4,113,888	4,460,710
General and administrative	4,536,702	5,426,007	5,597,866
Depreciation and amortization	4,835,913	4,612,997	4,507,577
Other charges	3,396,930	1,753,103	5,277,709
Total expenses	31,777,457	27,610,006	29,780,816
<b>NET (LOSS) INCOME</b>	<b>\$ (813,181)</b>	<b>\$ 1,732,996</b>	<b>\$ (4,929,740)</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Steele Pomp Investment, LLC and Subsidiaries**

**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY**

**For the years ended December 31, 2025, 2024 and 2023**

	<b>Members' Equity</b>	<b>Accumulated Deficit</b>	<b>Total</b>
<b>Balance - December 31, 2022</b>	\$ 45,272,079	\$ (13,608,751)	\$ 31,663,328
Net loss	-	(4,929,740)	(4,929,740)
Buy back of members' units (Note 9)	(5,350,000)	-	(5,350,000)
<b>Balance - December 31, 2023</b>	39,922,079	(18,538,491)	21,383,588
Net income	-	1,732,996	1,732,996
<b>Balance - December 31, 2024</b>	39,922,079	(16,805,495)	23,116,584
Net loss	-	(813,181)	(813,181)
<b>Balance - December 31, 2025</b>	\$ 39,922,079	\$ (17,618,676)	\$ 22,303,403

The accompanying notes are an integral part of these consolidated financial statements.

**Steele Pump Investment, LLC and Subsidiaries**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the years ended December 31,**

	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>			
Consolidated net (loss) income	\$ (813,181)	\$ 1,732,996	\$ (4,929,740)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	4,835,913	4,612,997	4,507,577
Provision for credit loss	158,390	168,565	2,900
Provision for obsolete inventory	-	-	40,000
Gift card breakage	(491,000)	(309,000)	(209,386)
Gain on assumed liability	-	(682,512)	-
Interest on notes receivable	(53,550)	(52,963)	-
Changes in assets and liabilities:			
Accounts receivable	(914,801)	237,508	(1,004,209)
Notes receivable	179,188	(467,236)	(1,247,666)
Inventory	(238,167)	(11,727)	(1,136,277)
Prepaid and other	(250,315)	240,553	(249,154)
Deferred franchise costs	59,899	(178,958)	(608,703)
Due (from) to affiliate and related parties	(200,460)	24,657	(254,826)
Accounts payable	(85,717)	120,217	103,745
Accrued expenses	(431,470)	(558,199)	1,673,006
Deferred revenues	(773,220)	413,265	2,176,543
Accrued marketing expenses	-	(45,807)	(15,056)
Deferred liabilities - assumed contracts	-	-	(71,095)
Net cash provided by (used in) operating activities	981,509	5,244,356	(1,222,341)
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	(801,942)	(1,896,727)	(120,683)
Net cash used in investing activities	(801,942)	(1,896,727)	(120,683)
<b>Cash flows from financing activities:</b>			
Distribution	-	-	(5,350,000)
Net cash used in financing activities	-	-	(5,350,000)
<b>NET INCREASE (DECREASE) IN CASH</b>	179,567	3,347,629	(6,693,024)
<b>Cash - beginning of period</b>	5,740,237	2,392,608	9,085,632
<b>Cash - end of period</b>	\$ 5,919,804	\$ 5,740,237	\$ 2,392,608

The accompanying notes are an integral part of these consolidated financial statements.

## Steele Pump Investment, LLC and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2025 and 2024 and for the three years ended December 31, 2025

#### NOTE 1 - NATURE OF BUSINESS

Steele Pump Investment, LLC (the “Company”) is a Delaware limited liability company and is the parent company of Pump Holdings, LLC and Radiant Waxing Holdings, LLC. Pump Holdings, LLC wholly owns DB Franchise, LLC (“Drybar”), and its subsidiary, Drybar Franchise Ltd., DBGC, LLC, GP MBM, LLC, and GP GC, LLC. Radiant Waxing Holdings, LLC wholly owns Radiant Waxing Franchise, LLC (“Radiant Waxing”) and its subsidiary, RW Franchise Ltd., and RW GC, LLC. Pump Holdings, LLC, DB Franchise, LLC, Radiant Waxing Holdings, LLC and Radiant Waxing Franchise, LLC are Delaware limited liability companies. DBGC, LLC, GP MBM, LLC, GP GC, LLC, and RW GC, LLC are Arizona limited liability companies. Drybar Franchise Ltd. and RW Franchise Ltd. are limited liability companies in British Columbia, Canada.

The Company is in the franchise business. Franchisees pay the Company an initial franchise fee and royalties equal to a percentage of the revenues received per the franchise agreement. The Company also collects marketing fund fees and technology fees and has product revenue associated with selling products to franchisees.

The Company entered into management service agreements with WBZ Investments, LLC (“WBZ”), an affiliated entity of the Company. WBZ provides certain services, including accounting, legal, information technology, product sales, and other related franchisor support to the Company. The Company pays management fees to WBZ (Note 10) in addition to cost reimbursement. The management fees are included in general and administrative expenses on the consolidated statements of operations. The operating results of the Company could vary if it operated independently of WBZ. Accordingly, related party disclosures must be taken into consideration in reviewing the accompanying consolidated financial statements.

#### **Drybar**

Drybar is in the business of franchising the Drybar studio concept that offers hairstyling services in a spa-like setting and at off-site locations. Drybar also sells professional-quality products and tools to franchise studios to use in services and retail products to help studio clients achieve and maintain the perfect blowout at home. A Drybar studio typically consists of a service area with eight to ten chairs and a reception area in a retail space.

Drybar franchises the right to franchisees to open and operate Drybar studios. Franchisees pay the Company an initial franchise fee, royalties and brand marketing fund fees equal to a percentage of revenues received and other fees per the franchise agreement. The studio franchise agreement is typically for a term of 10 years and is renewable after the initial term for an additional fee.

Drybar also provides products and supplies used for hair blowout services and retail haircare products to the Drybar studios, as well as furniture and other equipment used in the studios.

As of December 31, 2025, Drybar had studios operating in 40 states in the U.S., in the United Kingdom, Qatar and Saudi Arabia. As of December 31, 2024, Drybar had studios operating in 38 states in the U.S., in the United Kingdom and Saudi Arabia.

**Steele Pump Investment, LLC and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**As of December 31, 2025 and 2024 and for the three years ended December 31, 2025**

The following table summarized the activity of the Drybar studios as of December 31:

	2025	2024
Studios in operation at beginning of year	183	165
Studios opened during the year	28	31
Studios closed during the year	(5)	(13)
Studios in operation at end of year	206	183

***Radiant Waxing***

Radiant Waxing is in the business of franchising the Radiant Waxing studio concept that offers full-service waxing services. A Radiant Waxing studio typically consists of four to six rooms and a reception area in a retail space.

Radiant Waxing franchises the right to franchisees to open and operate a Radiant Wax studio. Franchisees pay the Company an initial franchise fee, royalties and brand marketing fund fees equal to a percentage of revenues received and other fees per the franchise agreement. The studio franchise agreement is typically for a term of 10 years and is renewable after the initial term for an additional fee.

Starting in 2023, Radiant Waxing also provides products and supplies used for waxing services and retail products to the Radiant Waxing studios, as well as other equipment used in the studios.

As of December 31, 2025, Radiant Waxing had studios operating in 13 states. As of December 31, 2024, Radiant Waxing had studios operating in 15 states.

The following table summarized the activity of the Radiant Waxing studios as of December 31:

	2025	2024
Studios in operation at beginning of year	59	65
Studios opened during the year	2	-
Studios closed during the year	(3)	(6)
Studios in operation at end of year	58	59

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements and accompanying footnotes have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

***Revenue Recognition - Franchise-Related***

The Company's franchise-related revenues consist of royalties, franchise fees, marketing fund revenues, and technology fees. The Company franchises the right to franchisees to open studios. The initial term of

**Steele Pomp Investment, LLC and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**As of December 31, 2025 and 2024 and for the three years ended December 31, 2025**

the franchise agreements is typically 10 years, depending on the brands, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically charged.

The Company has obligations to provide franchisees with the franchise rights to open and operate studios, as well as to provide software and technology services, brand marketing and advertising support, local marketing and advertising support, and grand opening services, for which fees are charged. The Company has concluded that providing local marketing and advertising support and grand opening services are each distinct performance obligations and that the remainder of performance obligations represent a single performance obligation. Initial franchise fees for each franchise agreement are recognized over the term of the respective franchise agreement from the date the agreement is executed. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer. Income from royalties and marketing fund fees is recognized over the term of the respective franchise agreement as the underlying sales occur. Revenues for local marketing and advertising support, grand opening services and software and technology services are recognized at the point in time the Company performs the services.

When a franchise agreement is terminated voluntarily by the franchisee or due to the default of the franchisee, the Company recognizes the remaining initial franchise fee as revenue earned, as no further performance obligation needs to be satisfied and the initial franchise fee is not refundable per the franchise agreement.

The following table summarizes the changes in the Company's deferred franchise-related revenues for the years ended December 31:

	2025	2024
Deferred franchise-related revenues at beginning of year	\$ 8,666,221	\$ 8,169,864
Upfront fees received from franchisees during the year	789,900	2,247,267
Revenue recognized from upfront fees during the year	(1,067,323)	(1,017,976)
Revenue recognized upon termination of franchise agreements	(695,050)	(732,934)
Deferred franchise-related revenues at end of year	7,693,748	8,666,221
Less: current portion	1,066,218	1,082,072
Deferred franchise-related revenues, long-term portion	\$ 6,627,530	\$ 7,584,149

**Payment Terms - Franchise-Related**

Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is executed, renewed, or transferred and are non-refundable. Royalties and brand marketing fund fees are typically paid monthly or semimonthly, based upon a percentage of franchisee gross sales. Technology fees are paid monthly, based upon a fixed amount defined within the franchise agreement. Initial franchise, renewal, and transfer fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenues contract liabilities. Amounts that are expected to be recognized as revenues within one year are classified as current deferred revenues in the consolidated balance sheets.

## Steele Pump Investment, LLC and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

As of December 31, 2025 and 2024 and for the three years ended December 31, 2025

#### ***Allocating the Transaction Price - Franchise-Related***

The transaction price is the amount of consideration the Company expects to be entitled to in exchange for providing franchisees with the franchise rights to open and operate studios and provide customers with related services and products. To determine transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that the agreements will not be canceled or modified.

The Company's franchise agreements have transaction prices containing fixed and variable components. Variable considerations include revenues related to royalties and brand marketing fund fees, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month.

The Company allocates consideration to providing local marketing and advertising support, grand opening services, and software and technology service based on a cost-plus margin basis.

#### ***Brand Marketing Fund Revenues***

Drybar and Radiant Waxing collect brand marketing fund fees. Brand marketing fund monies are used to promote brand awareness and include but are not limited to working media such as advertising, paid social media and search, public relations, programmatic campaigns and nonworking spend such as the production of marketing and promotional material, development and maintenance of websites for the franchise system, and market research. Brand marketing fund fees are collected monthly, based upon a percentage of franchisee gross sales. The Company recognizes these sales-based marketing fund contributions from franchisees when the underlying franchisee sales occur. The total brand marketing fund revenues earned for the years ended December 31, 2025, 2024 and 2023 was \$3,467,844, \$3,216,075 and \$2,970,558, respectively, and are included in marketing revenues on the accompanying consolidated statements of operations. The Company records the related marketing expenses as incurred under marketing, advertising and promotion expenses on the accompanying consolidated statement of operations. Per the guidance in Accounting Standards Codification ("ASC") 720, *Other Expenses*, when revenues of the brand marketing fund collections exceed the related expenses, marketing expenses are accrued up to the amount of revenues to be utilized in the subsequent years.

#### ***Managed Marketing Revenues***

Drybar and Radiant Waxing offered managed marketing services in 2022 to 2024 to support franchisees' digital marketing efforts. Managed marketing fund fees are collected monthly in fixed amounts and are primarily used on social media advertising, digital lead generation and agency fees. The Company recognizes managed marketing fund revenues at the point in time the Company performs the services. The total managed marketing revenues earned for the years ended December 31, 2024 and 2023 were \$114,975 and \$1,057,942, respectively, and are included in marketing revenues on the accompanying consolidated statements of operations. The Company records the related marketing expenses as incurred under marketing, advertising and promotion expenses on the accompanying consolidated statements of operations.

#### ***Grand Opening Marketing Revenues***

In 2023, Drybar began providing grand opening marketing services to support franchisees during their initial studio opening periods. The total grand opening marketing revenues earned for the years ended December 31, 2025, 2024 and 2023 were \$195,949, \$496,823 and \$218,816, respectively, and are included in the marketing revenues on the accompanying consolidated statements of operations. The Company records the related marketing expenses as incurred under marketing, advertising and promotion expenses on the accompanying consolidated statements of operations.

## Steele Pomp Investment, LLC and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

As of December 31, 2025 and 2024 and for the three years ended December 31, 2025

#### ***Costs to Obtain a Franchise Agreement***

The Company typically incurs commission expenses paid to employees and broker fees and referral expenses paid to third parties to obtain franchise agreements with franchisees. These expenses are related to franchise fee revenues, which are recognized over the franchise agreement term. As a result, the expenses are capitalized as deferred franchise costs and are expensed over the term of the respective franchise agreement. During the years ended December 31, 2025, 2024 and 2023, the amounts expensed related to costs to obtain a franchise agreement were \$273,288, \$374,183 and \$229,999, respectively, and are included in franchise-related costs on the accompanying consolidated statements of operations.

#### ***Gift Cards Revenues***

The Company sells gift cards online and in franchise studios. The Company does not charge administrative fees on unused gift card balances, and the gift cards have no expiration date. Gift card sales are recorded as deferred revenues when sold and are recognized as revenues when redeemed by customers for service. Gift card breakage is recognized under the proportional method when the Company determines a legal obligation to remit the unredeemed gift card balance to the relevant jurisdiction does not exist. The determination of the gift card breakage rate is based upon the Company's specific historical redemption patterns. The Company recognizes gift card breakage by applying its estimate of the rate of gift card breakage on a pro-rata basis over the period of estimated redemption. The breakage revenue related to gift cards for the years ended December 31, 2025, 2024 and 2023 were \$491,000, \$309,000 and \$209,386, respectively.

#### ***Product Sales Revenues***

The Company recognizes revenues by selling products to Drybar and Radiant Waxing studios. The Company's policy is to recognize the revenues upon shipment of the products to the customers.

For the Company's product sales, revenue is generally recognized upon shipment ("FOB Shipping"), depending on contract terms, as control typically transfers and performance obligations are typically met upon shipment. Pursuant to Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, the Company has elected to account for shipping and handling as fulfillment costs. Shipping charges billed to customers are recognized as a reduction to total shipping expenses and are included in cost of sales, as incurred. The Company typically satisfies its performance obligations as products are shipped to the customers. Because contracts with customers usually contain only one performance obligation that is satisfied at a point in time, there are no unsatisfied performance obligations that would result in contract assets or liabilities. Payment for goods and services sold by the Company is typically made in full at the point of shipment by charging the customer's preauthorized credit or debit card. The Company does not offer discounts if the studios pay some or all the payment prior to shipment.

#### **Returns and Refunds**

In most cases, considerations paid for products that customers purchase from the Company are nonrefundable and in the rare cases where returns have been accepted the annual amounts have been immaterial. Therefore, at the time revenues are recognized, the Company does not estimate expected refunds for returns, nor does the Company exclude any such amounts from revenues.

#### ***Revenue Recognition - Vendor Rebate Revenue and Vendor Discount***

Vendor rebates include commission and volume rebates received from vendors with whom the Company has negotiated system-wide pricing and are based on the volume of purchases by the franchise studio and earned as the underlying sales occur. Starting in 2023, Radiant Waxing provides products, supplies and equipment used for waxing and retail products to the Radiant Waxing studios. Prior to this, the Company

**Steele Pump Investment, LLC and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**As of December 31, 2025 and 2024 and for the three years ended December 31, 2025**

received a volume rebate from the previous supplier of these products and equipment. The Company recognized \$0, \$0 and \$1,052,727 in vendor rebate revenues during the years ended December 31, 2025, 2024 and 2023, respectively, and are included in product revenue on the accompanying consolidated statements of operations.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions include the estimated useful lives of property and equipment, the useful life of intangible assets, self-insurance reserves, general reserves, inventory reserve, and the disclosure of contingencies. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash and cash equivalents are financial instruments, which potentially subject the Company to a concentration of credit risk. The Company holds cash at financial institutions in excess of amounts covered by the Federal Depository Insurance Corporation (the "FDIC") but does not believe that such deposits with its banks are subject to any unusual risk.

***Accounts Receivable and Allowance for Credit Losses***

Accounts receivable primarily consist of royalties, marketing revenues, and technology fees receivables from franchisees. The Company considers a reserve for credit losses based on the creditworthiness of franchisees. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on specific identification and historical performance that the Company tracks on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. The Company had an allowance of \$102,427 and \$55,000 as of December 31, 2025 and 2024, respectively.

***Property and Equipment, Net***

Property and equipment are recorded at cost. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets, ranging from two to five years. Capital projects in progress consist of costs for projects that have not been placed into service and are not being depreciated.

***Inventory, Net***

Inventory primarily consists of haircare-related products and supplies, waxing service-related products and supplies, marketing and store display materials, equipment and furniture, and inbound freight. Inventory is stated at the lower of cost or net realizable value, with the cost determined using the average cost method. Inventory is presented net of reserve for excess and obsolete inventory. The Company periodically reviews the value of items in inventory and provides write down or write offs of inventory primarily based on historical usage and the estimated forecast of product demand. As of December 31, 2025 and 2024, the Company had an excess and obsolete reserve of \$35,647 and \$39,709, respectively.

***Intangible Assets, Net***

Intangible assets consist primarily of franchise agreements and a loss contract liability.

## Steele Pump Investment, LLC and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

As of December 31, 2025 and 2024 and for the three years ended December 31, 2025

#### Franchise Agreements, Net

Franchise agreements are recorded at their estimated fair value at the date of the change in control. The agreements are being amortized utilizing the straight-line method over the weighted-average remaining useful life of the contracts.

#### **Goodwill, Net**

Goodwill represents the excess of the acquisition costs over the estimated fair value of assets acquired less liabilities assumed in the acquisition. The Company adopted the provisions of ASU 2014-02, *Intangibles - Goodwill and Other (Topic 350): Accounting for Goodwill*, which allows for the straight-line amortization of goodwill over a 10-year life. According to ASU 2014-02, *Goodwill*, must be tested for impairment when a triggering event occurs that indicates that the fair value of the Company may be below its carrying amount. The Company did not identify any triggering events that would result in an impairment to goodwill for the years ended December 31, 2025, 2024 and 2023.

#### **Income Taxes**

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. The members are taxed individually on their pro rata ownership share of the Company's earnings. The Company's net income or loss is allocated to the members in accordance with the Company's operating agreement.

#### **Fair Value of Financial Instruments**

Fair value is the price the Company would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. For assets and liabilities recorded or disclosed at fair value on a recurring basis, the Company determines fair value based on the following:

- Level 1 - Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
- Level 2 - Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

**Steele Pump Investment, LLC and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**As of December 31, 2025 and 2024 and for the three years ended December 31, 2025**

**NOTE 3 - PROPERTY AND EQUIPMENT, NET**

Property and equipment at December 31, is summarized as follows:

	2025	2024
Computer software	\$ 2,470,751	\$ 1,022,870
Capital projects in process	636,020	1,281,959
Total cost	3,106,771	2,304,829
Accumulated depreciation and amortization	490,615	149,006
Net property and equipment	\$ 2,616,156	\$ 2,155,823

Depreciation expenses for the years ended December 31, 2025, 2024 and 2023 was \$341,608, \$118,693, and \$13,272, respectively.

**NOTE 4 - GOODWILL, NET**

The Company adopted the provision of ASU 2014-02, *Intangibles - Goodwill and Other (Topic 350): Accounting for Goodwill*, which allows for the straight-line amortization of goodwill over 10 years.

Goodwill as of December 31, 2025 is summarized as follows:

	Gross Carrying Amount	Accumulated Amortization	Net
Goodwill	\$ 20,209,712	\$ 9,344,734	\$ 10,864,978

Goodwill as of December 31, 2024 is summarized as follows:

	Gross Carrying Amount	Accumulated Amortization	Net
Goodwill	\$ 20,209,712	\$ 7,323,762	\$ 12,885,950

Amortization expenses related to Goodwill for the years ended December 31, 2025, 2024 and 2023 was \$2,020,972, \$2,020,971 and \$2,020,971, respectively.

**Steele Pump Investment, LLC and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**As of December 31, 2025 and 2024 and for the three years ended December 31, 2025**

Estimated amortization expense for the years ending December 31, is as follows:

Years Ending	Amount
2026	\$ 2,020,971
2027	2,020,971
2028	2,020,971
2029	2,020,971
2030	2,020,971
Thereafter	760,123
Total	\$ 10,864,978

**NOTE 5 - INTANGIBLE ASSETS, NET**

Intangible assets as of December 31, 2025 is summarized as follows:

	Gross Carrying Amount	Accumulated Amortization	Net
Franchise agreements	\$ 17,400,000	\$ 11,867,222	\$ 5,532,778

Intangible assets as of December 31, 2024 is summarized as follows:

	Gross Carrying Amount	Accumulated Amortization	Net
Franchise agreements	\$ 17,400,000	\$ 9,393,889	\$ 8,006,111

Amortization expenses related to Intangible assets for the years ended December 31, 2025, 2024 and 2023 was \$2,473,333, and \$2,473,333 and \$2,473,334, respectively.

Estimated amortization expense for the years ending December 31, is as follows:

Years Ending	Amount
2026	\$ 2,473,333
2027	792,778
2028	640,000
2029	640,000
2030	640,000
Thereafter	346,667
Total	\$ 5,532,778

**Steele Pump Investment, LLC and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**As of December 31, 2025 and 2024 and for the three years ended December 31, 2025**

**NOTE 6 - NOTES RECEIVABLE**

Notes receivable as of December 31, are summarized as follows:

	2025	2024
Due from franchisees	\$ 35,714	\$ 214,902
Due from Member	1,606,513	1,552,963
Total notes receivable	1,642,227	1,767,865
Less: current portion of notes receivable	35,714	58,000
Long-term portion	\$ 1,606,513	\$ 1,709,865

The Company's notes receivable consists of various promissory notes financed by the franchisees with interest rates ranging from 11% to 12% due upon various specified terms in the agreements. These notes are collateralized by the related franchise agreements and the franchisees' personal assets. The Company also entered into three promissory notes with interest of 3.57% with its member company, KSL Capital Partners, LLC ("Member") (Note 10). As of December 31, 2025 and 2024, the Company accrued interest on its promissory note due from Member of \$53,550 and \$52,963, respectively, and is included in notes receivable on the consolidated balance sheets.

**NOTE 7 - ACCRUED EXPENSES**

Accrued expenses as of December 31, are summarized as follows:

	2025	2024
Legal accrual	\$ -	\$ 327,164
Professional fees	547,756	397,603
Accrued commission	21,600	30,367
Due to Member	184,995	184,995
Prepaid vendor's discount	722,612	1,006,182
Other accruals	122,982	85,105
Total	\$ 1,599,945	\$ 2,031,416

In 2023, Drybar received a \$1,402,182 prepaid vendor discount from one of its product vendors for the estimated product purchases from 2024 to 2028. The Company amortizes the discount as a reduction to the Cost of product sales proportionate to actual purchases during the year. The total discount amortized for the years ended December 31, 2025, and 2024 and 2023 was \$283,570, \$396,000 and \$0, respectively.

**NOTE 8 - MEMBERS' EQUITY**

The Company is a limited liability company; therefore, the members are not liable for the debts, obligations, or other liabilities of the Company, whether arising in contract, tort, or otherwise, unless the member has signed a specific guarantee. Capital contributions shall be made to the Company at such times the members mutually agree. Distributions shall be made to and profits and losses of the Company shall be allocated among members pro rata in accordance with the amounts of their contributions to the Company. During the years ended December 31, 2025 and 2024, the Company distributed \$0 to its members. During

**Steele Pump Investment, LLC and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**As of December 31, 2025 and 2024 and for the three years ended December 31, 2025**

the year ended December 31, 2023, the Company paid \$5,350,000 to the seller of LunchBoxWax to buy back all their members' units.

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

***Litigation***

In the normal course of business, the Company may be named a party to various lawsuits. The Company maintains insurance to cover certain actions. As of December 31, 2025 and 2024, the Company had pending litigations related to disputes with the Radiant Waxing franchisees and could not provide an estimate of the range of loss at the financial statement issuance date.

**NOTE 10 - RELATED PARTIES**

The Company has management service agreements with WBZ, which are comprised of base fees, performance fees, accounting fees, centralized service fees and reimbursements for certain direct franchise costs. For the years ended December 31, 2025, 2024 and 2023, the Company recognized \$1,547,914, \$1,205,608 and \$1,158,414, respectively, of management fees paid to WBZ. The Company also reimbursed WBZ \$6,824,237, \$4,778,994 and \$3,321,778 for marketing, payroll, product sales-related, and other costs incurred and paid for by WBZ on behalf of the Company for the years ended December 31, 2025, 2024 and 2023, respectively. During the year ended December 31, 2025, management revised its payroll allocation between WBZ and the Company to reflect changes in employee responsibilities and the underlying business activities. As a result of the revised allocation methodology, the Company recorded an increase in payroll expense. Management believes the revised payroll allocation methodology more accurately reflects the cost of services provided to each related party. As of December 31, 2025 and 2024, the Company owed \$347,335 and \$547,795, respectively, to WBZ which has been recorded in due to affiliate on the consolidated balance sheets. The management agreements between companies are ongoing until terminated by either party.

As of December 31, 2025 and 2024, the Company has a receivable in the amount of \$1,606,513 and \$1,552,963, respectively, related to the promissory notes entered with the Member (Note 6), which has been recorded in notes receivable on the consolidated balance sheets.

As of December 31, 2025 and 2024, the Company has a payable in the amount of \$184,995 to the Member (Note 7), which has been recorded in accrued expenses on the consolidated balance sheets.

After December 31, 2025, the related party receivable from the Member was settled through a purchase transaction (Note 12). The settlement did not result in any cash receipts.

**Steele Pomp Investment, LLC and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**As of December 31, 2025 and 2024 and for the three years ended December 31, 2025**

**NOTE 11 - OTHER CHARGES**

Other charges during the years ended December 31, consist of the following:

	2025	2024	2023
Mergers and acquisitions	\$ 31,773	\$ 149,737	\$ 203,529
Earnout related to LunchBoxWax Acquisition	-	-	4,000,000
Litigation	1,790,507	869,009	241,123
Radiant Waxing rebranding	-	-	68,530
Realignment cost	883,830	1,416,868	764,527
Transaction costs	690,820	-	-
Gain on assumed liability	-	(682,511)	-
	<u>\$ 3,396,930</u>	<u>\$ 1,753,103</u>	<u>\$ 5,277,709</u>
Total			

**NOTE 12 - SUBSEQUENT EVENTS**

The Company has evaluated all subsequent events through April 1, 2026, which is the date the consolidated financial statements were available to be issued.

On January 21, 2026, the Member of the Company completed a transaction, resulting in a change of control, where the buyer acquired 100% of the outstanding equity interests of the Company. The transaction was structured as an equity purchase. The Company continues its primary business operations under the existing management team.

In connection with the change in control the new owner entered into a Term Loan and Revolving Line of Credit. The new facility is secured by substantially all of the Company's assets and contains customary financial covenants.

## GUARANTEE OF PERFORMANCE

For value received, Steele Pump Investment, LLC, a Delaware limited liability company (the "Guarantor"), located at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, absolutely and unconditionally guarantees to assume the duties and obligations of DB Franchise, LLC, located at 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202 (the "Franchisor"), under its franchise registrations, and under its Franchise Agreement identified in its 2026 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Denver, Colorado, on this 30 day of March, 2026.

**Guarantor:**

**STEELE POMP INVESTMENT, LLC**

By: 

Amanda Clark  
Chief Executive Officer

**EXHIBIT F**

**STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>CALIFORNIA</b>	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559 (866) 275-2677	Commissioner of Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-2344 (866) 275-2677
<b>FLORIDA</b>	Dept. of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0900 (850) 245-6000	Same
<b>HAWAII</b>	Dept. of Commerce & Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce & Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
<b>ILLINOIS</b>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Same Address
<b>INDIANA</b>	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 302 West Washington Street, Room E 018 Indianapolis, IN 46204 (317) 232-6531
<b>KENTUCKY</b>	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 (502) 696-5389	Same
<b>MARYLAND</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner Same Address
<b>MICHIGAN</b>	Michigan Dept. of Attorney General Corporate Oversight Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Bldg., 5 <sup>th</sup> Floor Lansing, MI 48913 (517) 335-7567	Michigan Dept. of Attorney General Same

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>MINNESOTA</b>	Minnesota Dept. of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Same Address
<b>NEBRASKA</b>	Dept. of Banking & Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68505-2732 P.O. Box 95006 Lincoln, NE 68509-5006 (402) 471-2171	Same
<b>NEW YORK</b>	New York State Dept. of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 Phone: (212) 416-8236 Fax: (212) 416-6042	New York Secretary of State New York Dept. of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 12231-0001 (518) 473-2492
<b>NORTH DAKOTA</b>	North Dakota Insurance & Securities Dept. 600 East Boulevard Avenue, Dept. 401 Bismarck, ND 58505 Phone: (701) 328-2910	North Dakota Insurance Commissioner Same Address
<b>RHODE ISLAND</b>	Dept. of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex – Bldg. 68-2 Cranston, RI 02920 (401) 222-3048	Director, Dept. of Business Regulation, Securities Division Same Address
<b>SOUTH DAKOTA</b>	Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of the Department of Labor and Regulation Division of Insurance – Securities Regulation Same Address
<b>TEXAS</b>	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 (512) 475-1769	Same
<b>UTAH</b>	Utah Dept. of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 Phone: (801) 530-6601 Fax: (801) 530-6001	Same

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>VIRGINIA</b>	State Corporation Commission Div. of Securities & Retail Franchising 1300 E. Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 E. Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219-3630 (804) 371-9672
<b>WASHINGTON</b>	Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 (360) 902-8760	Director, Dept. of Financial Institutions Securities Division Same Address
<b>WISCONSIN</b>	Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-3431	Wisconsin Commissioner of Securities Same Address

**EXHIBIT G**

**AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER**

## AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER

**Location: [ADDRESS]**  
**(Shop Number: [NUMBER])**

**THIS AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER** (“**Consent**”) is made by and among **DB FRANCHISE, LLC**, a Delaware limited liability company (“**Franchisor**”); [SELLER] (“**Seller**”); [SELLER GUARANTOR] (“**Seller Guarantor**”); and [BUYER] (“**Buyer**”), effective as of the Effective Date (defined below). All terms capitalized in this Consent and not otherwise defined herein shall have the meanings ascribed to them in the Seller Franchise Agreement (defined below) or the Buyer Franchise Agreement (defined below), as the case may be.

### **Recitals**

A. Seller is the franchisee under that certain franchise agreement dated [DATE], as it may have been amended by subsequent addendum or addenda (the “**Seller Franchise Agreement**”), governing the ownership and operation of the Drybar® Shop located at [ADDRESS] (the “**Shop**”).

B. Seller Guarantor personally guaranteed all of the obligations under the Seller Franchise Agreement.

C. Seller has notified Franchisor that it and Buyer have entered into a purchase and sale agreement dated [DATE] (the “**Purchase Agreement**”), pursuant to which Seller has agreed to sell, and Buyer has agreed to purchase, all of the rights, obligations and assets relating to the Shop (the “**Interests**”).

D. Buyer has also agreed to (1) assume the lease obligations for the Shop, and (2) enter into Franchisor’s current form of franchise agreement (the “**Buyer Franchise Agreement**”) (the transfer of Interests under the Purchase Agreement, the assumption by Buyer of the Shop’s lease obligations and the execution of the Buyer Franchise Agreement, collectively referred to as the “**Transfer**”).

E. Franchisor has agreed not to exercise its right of first refusal as set forth in the Seller Franchise Agreement and has agreed to approve the Transfer of the Shop in accordance with the terms, and subject to the conditions, set forth in this Consent.

### **Agreement**

**NOW, THEREFORE**, for and in consideration of the foregoing recitals, which are incorporated herein, the mutual covenants contained herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Effective Date**. The “**Effective Date**” will be the date on which Franchisor signs this Consent acknowledging its consent to the proposed Transfer, which date shall be consistent with the effective date of the Buyer Franchise Agreement.

2. **Purchase Agreement**. Seller and Buyer represent and warrant that the form of Purchase Agreement provided to Franchisor is the final version of the Purchase Agreement and is the version which has been, or will be, executed by them to effectuate the Transfer. The Purchase Agreement will not be

amended, and the terms set forth in the Purchase Agreement will not be changed, except with the prior written consent of Franchisor.

3. **Conditional Consent; Release of Guaranty.** Notwithstanding anything in this Consent to the contrary, the consent and release set forth herein are expressly contingent upon compliance with the following terms and conditions on or before the date of the closing of the Transfer (“**Closing Date**”):

- a. **Franchise Agreement.** The Seller Franchise Agreement will terminate as of the Closing Date in accordance with the terms set forth in Section 7 below, and the operation of the Shop will thereafter be governed by the Buyer Franchise Agreement.
- b. **Payment of Amounts Due.** Seller will pay to Franchisor all amounts due from or accrued by Seller (or an affiliate of Seller) through the Closing Date.
- c. **Transfer Fee.** Upon execution of this Consent by Seller and Buyer, a transfer fee in the amount of [\_\_\_\_\_] (“**Transfer Fee**”) shall be paid to Franchisor via cashier’s check or wire transfer. Except as described in Section 5 below, Seller and Buyer acknowledge and agree that Franchisor has earned the Transfer Fee upon receipt thereof and that the Transfer Fee is not refundable.
- d. **Fee Deposit.** Upon execution of this Consent by Seller and Buyer, Seller agrees to deposit [\_\_\_\_\_] (“**Fee Deposit**”) with Franchisor via cashier’s check or wire transfer. Franchisor will refund the Fee Deposit to Seller, less any amounts which may be due pursuant to Section 3.b, within thirty (30) days following the later of the Closing Date or the date upon which Seller and Buyer comply with all terms and conditions set forth in this Consent.
- e. **Training.** Buyer (or, if Buyer is an entity, one of Buyer’s co-owners) and, if not the same person as Buyer (or the designated co-owner), Buyer’s Designated Manager (as defined in the Buyer Franchise Agreement) (or the individual having responsibility for the day-to-day operations of the Shop) shall satisfactorily complete the first available Training Program (as defined and described in the Buyer Franchise Agreement) offered by Franchisor following the Effective Date.
- f. **Right to Possession.** Buyer will provide satisfactory evidence to Franchisor that Buyer has the right to possession of the Shop by way of lease assignment and/or assumption or otherwise (with all required landlord consents), as more fully described in Section 6 below.
- g. **Site Selection Assistance.** Buyer acknowledges and agrees that Franchisor has complied with and satisfied its obligations under the Buyer Franchise Agreement to provide site selection and development assistance.
- h. **Seller Financing.** Regardless of any provision of the Purchase Agreement (or any other agreement) to the contrary, if Seller provides financing to Buyer for any portion of the purchase price for the Shop and such financing is secured by any assets of the Shop, Seller acknowledges and agrees that Seller does not and will not have any interests or rights,

revisionary or otherwise, to operate the Shop after the Closing Date pursuant to the Seller Franchise Agreement or Buyer Franchise Agreement.

- i. **Shop Upgrades/Renovations.** Within sixty (60) days following the Closing Date, Buyer will complete the upgrades and renovations of the Shop, at Buyer's expense, as required to improve the condition and appearance of the Shop consistent with Franchisor's current System Standards and other Franchise System requirements.
4. **Waiver of Right of First Refusal.** Franchisor hereby waives its right of first refusal to purchase the Interests, as set forth in the Seller Franchise Agreement.
  5. **Contingency.** This Consent and the Buyer Franchise Agreement may be terminated if:
    - a. The Transfer between Seller and Buyer is cancelled, or otherwise not approved by Franchisor;
    - b. Seller and/or Buyer fail to meet any of the conditions and/or requirements set forth in this Consent, the Seller Franchise Agreement, and/or the Buyer Franchise Agreement; or
    - c. Seller and Buyer fail to change possession and/or ownership of the Shop within ninety (90) days following the Closing Date.

In the event of such termination, Seller and Buyer will execute a termination and release agreement (in a form acceptable to Franchisor) pursuant to which Franchisor will refund the Transfer Fee, without interest; provided, however, if Buyer and/or Buyer's designated representative(s) have attended any portion of the Training Program, Franchisor will only be obligated to refund fifty percent (50%) of the Transfer Fee.

6. **Assignment/Assumption of Lease.** Seller and Buyer acknowledge that one of the requirements of Franchisor's consent is that the Shop lease be assigned to and/or otherwise assumed by the Buyer and that the lease for the Shop may require consent of and/or notice to the landlord with respect to such assignment and/or assumption. Provided (a) Buyer takes an assignment of the existing lease for the Shop; (b) the terms of such lease are not amended; and (c) the lease for the Shop includes the terms of Franchisor's required lease addendum, Franchisor waives the requirement for lease review and approval set forth in the Buyer Franchise Agreement. If (i) the lease terms are amended; (ii) the lease for the Shop does not include the terms of Franchisor's required lease addendum; or (iii) Buyer enters into a new lease for the Shop, all lease review and approval requirement set forth in the Buyer Franchise Agreement shall remain applicable. Buyer acknowledges and agrees that Franchisor's approval of the Shop location and waiver of the lease review requirement or approval of the lease terms do not constitute a recommendation, endorsement, or guarantee by Franchisor of the suitability of the Shop location or the lease, and Buyer acknowledges that it has taken all steps necessary to ascertain whether the Shop location and lease are acceptable to Buyer.

7. **Termination of Seller Franchise Agreement and Guaranties.** Franchisor and Seller acknowledge and agree that, as of the Closing Date and upon the Transfer and compliance with the conditions set forth in Section 3 above, the Seller Franchise Agreement and associated guaranties will

automatically terminate and neither Seller nor Seller Guarantor shall have any further rights or obligations thereunder except that neither Seller nor Seller Guarantor shall be released from:

- a. any obligations to pay money to Franchisor under the Seller Franchise Agreement, any related guaranty agreements, or otherwise in connection with obligations arising prior to the Closing Date (whether known or unknown as of the Closing Date); or
- b. the provisions of the Seller Franchise Agreement that, either expressly or by their nature, survive termination of the Seller Franchise Agreement (including, without limitation, the provisions related to confidential information, post-termination restrictive covenants, indemnification, notice, governing law, jurisdiction and venue, and dispute resolution).

8. **Release of Franchisor.** Seller, Seller Guarantor, and Buyer, and each of them, on behalf of themselves and each of their respective current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, spouses, parent companies, predecessors, affiliates, subsidiaries, successors and assigns, hereby fully and forever unconditionally release and discharge Franchisor and its current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, franchisees, area directors, the Third-Party IP Owner, parent companies, predecessors, affiliates, subsidiaries, successors, and assigns (the “**Franchisor Parties**”), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown, or which may hereafter be discovered, accrued, or sustained in connection with, as a result of, or in any way arising from, any relationship or transaction with Franchisor or the Franchisor Parties, however characterized or described, including but not limited to, any claims arising from Seller’s operation of the Shop, the Seller Franchise Agreement, the Buyer Franchise Agreement, the Purchase Agreement, or the transactions described in this Consent, or under any applicable state or federal franchise or other law, including the Federal Trade Commission Act, and all applicable Rules of the Federal Trade Commission promulgated pursuant to the Federal Trade Commission Act.

*(If the Shop is located in California or if Seller, Seller Guarantor, or Buyer (as applicable) is a resident of California, the following shall apply):*

**Section 1542 Acknowledgment.** Seller, Seller Guarantor, and Buyer recognize that he, she, or it may have some claim, demand, obligation, action, liability, defense, or damage against Franchisor or the Franchisor Parties of which Seller, Seller Guarantor, and Buyer are totally unaware and unsuspecting, which he, she, or it is giving up by executing this Consent. Nonetheless, it is the intention of Seller, Seller Guarantor, and Buyer in executing this Consent that this instrument, (i) be and is a general release which shall be effective as a bar to each and every claim, demand, obligation, action, liability, defense, or damage released by Seller, Seller Guarantor, and Buyer, and (ii) will deprive Seller, Seller Guarantor, and Buyer of each and every such claim, demand, obligation, action, liability, defense, or damage and prevent him, her, or it from asserting it against Franchisor or the Franchisor Parties. In furtherance of this intention, Seller, Seller Guarantor, and Buyer expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

Seller, Seller Guarantor, and Buyer acknowledge and represent that he, she, or it has consulted with legal counsel before executing this Consent and that Seller, Seller Guarantor, and Buyer understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this Consent shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, obligations, actions, liabilities, defenses or damages.

*(If the Shop is located in Maryland or if Seller, Seller Guarantor, or Buyer (as applicable) is a resident of Maryland, the following shall apply):*

Any release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

*(If the Shop is located in Washington or if Seller, Seller Guarantor, or Buyer (as applicable) is a resident of Washington, the following shall apply):*

The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

9. **Non-Disparagement.** In consideration of the accommodations provided to Seller, Seller Guarantor, and Buyer, and the concessions made by Franchisor and its affiliates under this Consent, Seller, Seller Guarantor, and Buyer agree not to, and to use their best efforts to cause their respective current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, spouses, parent companies, predecessors, affiliates, subsidiaries, successors and assigns not to, disparage, impugn or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Franchisor Parties, the Drybar® brand, the Drybar franchise system, or any other service-marked or trademarked concept of Franchisor or the Franchisor Parties, or take any other action which would subject the Drybar brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor, the Franchisor Parties, or the Drybar brand.

10. **Acknowledgment.** Buyer and Seller acknowledge that although Franchisor or its affiliates, employees, officers, directors, successors, assigns, and other representatives may have been involved in Buyer's purchase of the Interests from Seller, Buyer and Seller have assumed sole and full responsibility for making the final decision to purchase and sell the Interests and each has consulted, or has had the opportunity to consult but, of its own accord, elected not to consult, with its own legal and financial advisors. Buyer further understands that as part of analyzing the purchase of the Interests from Seller, it is Buyer's responsibility to meet with or otherwise gather necessary information from the appropriate parties which may or may not affect Buyer's purchase of the Interests from Seller.

11. **Additional Documents.** Buyer and Seller agree to execute such additional documents as may be necessary to complete the Transfer as contemplated by the Purchase Agreement, the Seller Franchise Agreement, and the Buyer Franchise Agreement.

12. **Miscellaneous Provisions.**

- a. **Confidentiality.** Except as reasonably necessary to perform Seller's, Seller Guarantor's, or Buyer's obligations or exercise or enforce Seller's, Seller Guarantor's, or Buyer's rights

under this Consent, neither Seller, Seller Guarantor, nor Buyer shall provide or disclose to any third party, or use, unless authorized in writing to do so by Franchisor or properly directed or ordered to do so by public authority or court of competent jurisdiction, any information or matter that constitutes or concerns the terms and conditions of this Consent or that regards any dealings or negotiations with Seller, Seller Guarantor, or Buyer related to this Consent.

- b. Governing Law. This Consent will be construed and enforced in accordance with, and governed by, the laws of the state set forth in the Buyer Franchise Agreement.
- c. Amendment. This Consent may not be modified or amended or any term hereof waived or discharged except in a writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced.
- d. Headings. The headings of this Consent are for convenience and reference only and will not limit or otherwise affect the meaning hereof.
- e. Controlling Provisions. In the event of any conflict between the terms of this Consent and the terms of the Seller Franchise Agreement or the Buyer Franchise Agreement, the terms of this Consent shall control.
- f. Counterpart Signatures. This Consent may be executed in any number of counterparts and sent via facsimile or other electronic transmission, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

*[Signature page follows]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Consent to be made effective as of the Effective Date.

**FRANCHISOR:  
DB FRANCHISE, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date\*: \_\_\_\_\_

*\*This is the Effective Date*

**SELLER:  
[SELLER]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Forwarding Address: \_\_\_\_\_

Forwarding Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

**SELLER GUARANTOR:  
[SELLER GUARANTOR]**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

**BUYER:  
[BUYER]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT H**

**FORM OF RENEWAL ADDENDUM**

## **RENEWAL ADDENDUM TO FRANCHISE AGREEMENT**

**THIS RENEWAL ADDENDUM** (“Addendum”) is dated as of the last signature date below (the “Effective Date”) and is attached to and made a part of that certain Franchise Agreement dated as of the same date hereof (the “New Agreement”), by and between **DB FRANCHISE, LLC**, a Delaware limited liability company (“we” “us” or “our”), and [FRANCHISEE] (“you” or “your”). We and you shall collectively be referred to as the “Parties.”

### **Recitals**

A. By way of information and background, you have been operating the Drybar® shop located at [ADDRESS] (the “Shop”), pursuant to a franchise agreement entered into by the Parties dated [DATE], as it may have been subsequently amended (the “Existing Agreement”).

B. The initial term of the Existing Agreement is scheduled to expire on [EXPIRATION DATE] (the “Expiration Date”).

C. The Existing Agreement provides that, as of the Expiration Date, you have the option to acquire a successor franchise to operate the Shop for one additional term of ten (10) years, subject to certain terms and conditions, including the payment of the Successor Fee, as set forth therein.

D. You have notified us that you wish to exercise your option to acquire a successor franchise for an additional term of ten (10) years (“Renewal”) and, in connection therewith, the Parties have agreed to make certain modifications with respect to the terms of the New Agreement, all as set forth in this Addendum.

### **Agreement**

**NOW, THEREFORE**, for and in consideration of the mutual covenants contained herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Definitions. Any capitalized terms not defined in this Addendum shall have the meaning given to them in the New Agreement.

2. Section 2.B.: Lease Approval. We have previously approved the lease for the Premises as required pursuant to Section 2.B. of the New Agreement and therefore waive the requirement for lease review and approval; provided, however, if the lease terms are amended or you enter into a new lease for the Premises during the term of the New Agreement, all lease review and approval requirements set forth in the New Agreement shall remain applicable.

3. Section 2.D.: Development and Construction of Your Shop. The Parties acknowledge that the development, construction, and decoration of the Premises, as described in Section 2.D. of the New Agreement, has previously been completed.

4. Section 2.H.: Shop Opening. The Parties acknowledge that the Shop has opened for business as required pursuant to Section 2.H of the New Agreement.

5. Section 3.A.: Payment of the Successor Fee in lieu of the Initial Franchise Fee. Pursuant to Section 13.A of the Existing Agreement, as a condition of entering into the New Agreement, you must pay us a Successor Fee (as defined in the Existing Agreement) in the amount set forth in Section 13.A of the Existing Agreement. Accordingly, Section 3.A of the New Agreement is amended to provide that, in lieu of your payment of the Initial Franchise Fee, concurrently with the execution of the New Agreement and this Amendment, you will pay to us a Successor Fee, in the form of a lump sum payment, by wire transfer, in the amount set forth in Section 13.A of the Existing Agreement. You acknowledge and agree that the New Agreement will not be effective until we receive the Successor Franchise Fee. You further acknowledge and agree that the Successor Franchise Fee is fully earned by us when paid by you and is not refundable under any circumstance.

6. Section 3.C.: Software Set-Up Fee. We acknowledge that you have previously paid the software set-up fee described in Section 3.C. of the New Agreement.

7. Section 4.G.: On-Site Opening Assistance for New Shops. You acknowledge and agree that we have complied with our obligation under the New Agreement to provide you with opening support as set forth in Section 4.G. of the New Agreement.

8. Section 9.A.: Grand Opening Spend Requirement. Section 9.A. of the New Agreement is deleted in its entirety.

9. Section 13: Expiration of this Agreement. Section 13 of the New Agreement is deleted in its entirety. You acknowledge and agree that there are no remaining successor franchise rights upon the expiration of the New Agreement's term.

10. Shop Improvements. Within sixty (60) days following the Effective Date, you will remodel and/or expand your Shop, add or replace improvements and Operating Assets (as defined in the New Agreement), and otherwise modify your Shop, at your expense, as required to comply with our current System Standards and other Franchise System requirements.

11. Original/New Agreements. As of the Effective Date, the Existing Agreement will be deemed expired, and the operation of the Shop will thereafter be governed by the New Agreement.

12. Release of Franchisor. You, on behalf of yourself and your respective current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, spouses, parent companies, predecessors, affiliates, subsidiaries, successors and assigns, hereby fully and forever unconditionally release and discharge us and our current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, franchisees, area directors, parent companies, predecessors, affiliates, subsidiaries, successors, and assigns (the "Released Parties"), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown to you, which you may have against the Released Parties as of the date of this Addendum, or which may thereafter be discovered, accrued, or sustained in connection with, as a result of, or in any way arising from, any relations or transactions with the Released Parties, however characterized or described.

*(If the Shop is located in California or if you are a resident of California, the following shall apply):*

Section 1542 Acknowledgment. It is your intention in executing this Addendum that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand or cause of action released by you, and you recognize that you may have some claim, demand or cause of action against us or the Released Parties of which you are totally unaware and unsuspecting, which you are giving up by executing this Addendum. It is your intention in executing this instrument that it will deprive you of such claim, demand or cause of action and prevent you from asserting it against us or the Released Parties. In furtherance of this intention, you expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

**“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”**

You acknowledge and represent that you have consulted with legal counsel before executing this Addendum and that you understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this Addendum shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands and causes of action.

*(If the Shop is located in Maryland or if you are a resident of Maryland, the following shall apply):*

Any release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

*(If the Shop is located in Washington or if you are a resident of Washington, the following shall apply):*

The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

13. Non-Disparagement. You agree not to, and to use your best efforts to cause your respective current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, spouses, parent companies, predecessors, affiliates, subsidiaries, successors and assigns not to, disparage, impugn or otherwise speak or write negatively, directly or indirectly, of us or the Released Parties, the Elements Massage® brand, the Elements Massage system, or any other service-marked or trademarked concept of us or the Released Parties, or take any other action which would subject the Elements Massage brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of us, the Released Parties, or the Elements Massage brand.

14. Miscellaneous Provisions.

(a) Governing Law. This Addendum will be construed and enforced in accordance with, and governed by, the laws of the state set forth in the New Agreement.

- (b) Amendment. This Addendum may not be modified or amended or any term hereof waived or discharged except in a writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced.
- (c) Headings. The headings of this Addendum are for convenience and reference only and will not limit or otherwise affect the meaning hereof.
- (d) Controlling Provisions. This Addendum modifies the New Agreement. In the event of any conflict between a provision of the New Agreement and this Addendum, the provisions of this Addendum shall control. Except as amended by this Addendum, the New Agreement is unmodified and in full force and effect in accordance with its terms.
- E. Counterpart Signatures. This Addendum may be executed in any number of counterparts and sent via facsimile or other electronic transmission, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum to be effective as of the Effective Date.

**DB FRANCHISE, LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DATED\*:** \_\_\_\_\_  
(\*This is the Effective Date of this Addendum)

**FRANCHISE OWNER**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**FRANCHISE OWNER**

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**DATED:** \_\_\_\_\_

**EXHIBIT I**

**OPERATIONS MANUAL TABLE OF CONTENTS**

**DRYBAR OPERATIONS MANUAL**

<b>Table of Contents</b>	<b>Page Count</b>
1. Welcome.....	18
2. Real Estate Search.....	56
3. Design and Construction .....	32
4. New Shop Opening Process .....	42
5. Recruiting Hiring and Training .....	81
6. Shop Operations .....	96
7. Marketing .....	16
8. Product.....	4
<b>TOTAL NUMBER OF PAGES.....</b>	<b>345</b>

**EXHIBIT J**

**STATE EFFECTIVE DATES**

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	See separate FDD
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	See separate FDD
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT K**

**RECEIPTS**

**RECEIPT  
(OUR COPY)**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If DB Franchise, LLC, offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this Disclosure Document at the earlier of our 1<sup>st</sup> personal meeting or 14 calendar days before you sign an agreement with or make a payment to us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If DB Franchise, LLC, does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit F.

The franchisor is DB Franchise, LLC, 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, (303) 663-0880. The franchise seller for this offering is:

<input type="checkbox"/> _____ DB Franchise, LLC 1890 Wynkoop Street, Unit 1 Denver, CO 80202 (303) 663-0880	<input type="checkbox"/> _____ DB Franchise, LLC 1890 Wynkoop Street, Unit 1 Denver, CO 80202 (303) 663-0880	<input type="checkbox"/> Name of Franchised Seller: _____ Principal Business Address: _____ _____ _____
--	--	--

Issuance Date: April 1, 2026.

See Exhibit F for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated April 1, 2026, that included the following Exhibits:

- |   |  |
|---|--|
| Exhibit A - State Addenda and Agreement Riders      | Exhibit F - State Agencies and Agents for Service of Process |
| Exhibit B - Franchise Agreement and Exhibits        | Exhibit G - Agreement and Conditional Consent to Transfer    |
| Exhibit C - Area Development Agreement and Exhibits | Exhibit H - Form of Renewal Addendum                         |
| Exhibit D1 - List of Franchisees                    | Exhibit I - Operations Manual Table of Contents              |
| Exhibit D2 - Franchisees Who Left the System        | Exhibit J - State Effective Dates                            |
| Exhibit D3 - Franchises Sold But Not Yet Opened     | Exhibit K - Receipts   |
| Exhibit E - Financial Statements                    |  |

**PROSPECTIVE FRANCHISEE:**

If a business entity:

\_\_\_\_\_  
Name of Business Entity  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Dated: \_\_\_\_\_  
(Do not leave blank)

If an individual:

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_  
(Do not leave blank)

Please sign this copy of the receipt, print the date on which you received this Disclosure Document, and return it, by mail to DB Franchise, LLC, 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, or by faxing it to (720) 545-2151.

**RECEIPT  
(YOUR COPY)**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If DB Franchise, LLC, offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this Disclosure Document at the earlier of our 1<sup>st</sup> personal meeting or 14 calendar days before you sign an agreement with or make a payment to us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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The franchisor is DB Franchise, LLC, 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, (303) 663-0880. The franchise seller for this offering is:

<input type="checkbox"/> _____ DB Franchise, LLC 1890 Wynkoop Street, Unit 1 Denver, CO 80202 (303) 663-0880	<input type="checkbox"/> _____ DB Franchise, LLC 1890 Wynkoop Street, Unit 1 Denver, CO 80202 (303) 663-0880	<input type="checkbox"/> Name of Franchised Seller: _____ Principal Business Address: _____ _____ _____
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**PROSPECTIVE FRANCHISEE:**

If a business entity:

\_\_\_\_\_  
Name of Business Entity  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Dated: \_\_\_\_\_  
(Do not leave blank)

If an individual:

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_  
(Do not leave blank)

Please sign this copy of the receipt, print the date on which you received this Disclosure Document, and return it, by mail to DB Franchise, LLC, 1890 Wynkoop Street, Unit 1, Denver, Colorado 80202, or by faxing it to (720) 545-2151.

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