FRANCHISE DISCLOSURE DOCUMENT

DLS HSC GLOBAL INC.

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HAIR BY DANYELLI LAURETTE
SALOON & CAFÉ

The franchise described in this disclosure document is for the establishment of a hair salon that specializes in haircutting, styling, and related salon services, as well as offering hair care and related products, and featuring a specialized menu and alcoholic beverages, under the name "Hair by Danyelli Laurette Saloon & Café."

The total Investment necessary to begin operation of a Hair by Danyelli Laurette Saloon & Cafe franchise ranges from $355,550 to $592,250. This includes between $83,300 and $122,500 that must be paid to us or our affiliates.

This disclosure document ("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 fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 Danielle Settembre, President, at (914) 881-1233, desk@hairsaloonandcafe.com or at 500 Pondside Drive, Unit 3B, White Plains, New York 10607.

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 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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information on franchising. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: February 18, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Hair by Danyelli Laurette Saloon & Cafe business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Hair by Danyelli Laurette Saloon & Cafe franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

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

2. **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."

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

4. **Minimum Advertising Requirements**. You may be required to make minimum advertising payments regardless of your sales levels. Your inability to make the payments may result in termination of your Franchise and loss of your investment.

5. **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 they set. These prices may be higher than prices you could obtain elsewhere for similar goods, but you are not permitted to sell or use non-Hair by Danyelli Laurette Saloon & Cafe branded products in your Franchised Business. This may reduce the anticipated profit of your Franchised Business.

6. **Short Operating History**. The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, the terms, "We", "Us", "the Company", or "Hair by Danyelli Laurette Saloon & Cafe" mean DLS HSC Global Inc., the franchisor (but not the Company's officers, directors, agents or employees). "You" or "Franchisee(s)" mean the person(s) who buys a franchise from us. If you are a corporation, partnership or other entity, then the term "you" will also include the Franchisee's shareholders, members or partners. Unless otherwise indicated, the term "Franchised Business" means a Hair by Danyelli Laurette Saloon & Cafe franchise operated by you under the franchise agreement. We may refer to Franchised Businesses as "Saloons" and your Franchised Business as a "Saloon."

The Franchisor

We are a New York corporation, created on May 16, 2024. We have no predecessors or parents. Our principal business and mailing address is 500 Pondside Drive, Unit 3B, White Plains, New York 10607. Our telephone number is (914) 881-1233. We do not maintain a sales office at any location other than our principal places of business. We operate under our corporate name, DLS HSC Global Inc. We do not do business or intend to do business under any other names. Our agent for service of process is disclosed in Exhibit A to this Disclosure Document.

We offer franchises for the operation of a unique hair salon operating under the name Hair by Danyelli Laurette Saloon & Cafe and other marks designated by the Company from time to time (collectively referred to as the "Marks") in accordance with a proprietary comprehensive business system described in this Disclosure Document (the "System"). The distinguishing characteristics of the System include distinctive exterior and interior design, decor, and color scheme; furnishings; unique services; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify from time to time. All Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses must be developed and operated in accordance with our specifications, standards, policies and procedures, which will be communicated to you via our confidential operations manual and related guidelines ("together referred to as Manuals") or otherwise in writing. You must offer all products and services that we may specify and may not offer any products or services we have not authorized.

Hair by Danyelli Laurette Saloon & Cafe franchises offer haircutting, styling, and related salon services, as well as a variety of skincare services and waxing services. In addition, Hair by Danyelli Laurette Saloon & Cafe franchises offer retail products including hair care and styling products, and related merchandise for sale, while featuring a specialized menu and alcoholic beverages. Hair by Danyelli Laurette Saloon & Cafe businesses provide exceptional hair salon services, for both women and men, in a comfortable spa-like environment. All Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses will offer alcoholic beverages, non-alcohol beverages, and a specialized menu, in addition to salon products and services, in accordance with the System and Manuals. All beverages and menu items will be prepared using our proprietary recipes and methods of preparation, as may be described in the Manuals. We may, in the future, authorize Franchisees to offer additional services and products approved by us.

We began offering franchises under the name Hair by Danyelli Laurette Saloon & Cafe as of February 18, 2026. We have not offered franchises in any other line of business. We do not currently operate any business of the kind described in this Disclosure Document. We do not operate any other type of business.

Our Parents, Predecessor and Affiliates:

We are affiliated with Danyelli Laurette Global LLC, a New York limited liability company formed on December 6, 2021. It does business under the name "Hair by Danyelli Laurette Saloon & Cafe" and its principal business address is 500 Pondside Drive, Unit 3B, White Plains, New York 10607. It previously did business under

the name "Hair Saloon & Cafe" but changed its name in 2025. It owns and operates a business substantially similar to the franchise being offered here. It does not participate in any other business activity nor has it offered any franchises for sale.

We are affiliated with DLS Global LLC, a New York limited liability company with an address of 81 Route 6N, #25, Mahopac, New York 10541. This affiliate is the owner of the Marks and licenses to us the right to use and sublicense to you the right to use the Marks. This affiliate does not and has not owned or operated a franchise.

Franchises

We offer franchises to qualified applicants for the right to establish and operate one Hair by Danyelli Laurette Saloon & Cafe Franchised Business at a specific location located in the Protected Area (see Item 12) using the Marks and the System. Franchisees must carry and offer for sale alcoholic beverages, non-alcoholic beverages and food items. Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses are typically located in shopping malls, strip centers, or free-standing structures, and are approximately 1,800 to 2,500 square feet in size.

The Franchise Agreement requires you to designate a "Principal Owner." Your Principal Owner is the main individual responsible for your Franchised Business. Your Principal Owner must meet our qualifications and must be approved by us. Your current and future Owners, including your Principal Owner, must sign a Guaranty and Assumption Agreement ("Guaranty"), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures (See Item 15).

Market and Competition

The retail sector for businesses offering haircare, skincare, waxing and related services is highly competitive. There are many risks and uncertainties associated with this, or any new business. The competition for your Franchised Business will include other businesses offering similar products and services to individuals. These competitors may include local and national hair salons or day spas offering haircare products and services, skincare products and services, and waxing products and services, which may be operated by national chains, local chains and independent operators, and to some extent resorts, beauty salons and other related businesses. The Franchised Business 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.

Laws and Regulations

Many states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of a franchise. For example, state licensing and certification requirements may apply to persons who perform services for or at your Franchised Business. In all cases, you must also comply with laws that apply generally to all businesses. In addition to laws and regulations that apply to businesses generally, your Franchised Business may be subject to local health codes governing the transportation, storage, preparation and production of food products.

There are laws that exist in almost all states that regulate the offering of haircut services. The State Board of Cosmetology or similar administrative or regulatory body of your state regulates hair salons. There are other state laws and regulations specific to providing haircut services, skincare services and waxing services, such as laws and regulations dealing with the handling, storage and disposal of hazardous chemicals. Many states also require that your hair technicians have specific licenses, certifications or credentials and you must ensure that your Franchised Business and the hair technicians that work in your Franchised Business comply with such license, certification or credential requirements. In addition, some states have specific regulations and ordinances that require your Franchised Business to pass a facility health and safety inspection before opening and on an ongoing basis; and may also impose minimum specifications for equipment and facility operations and maintenance. These laws, regulations and ordinances vary from place to place and can change over time. You must know such laws, regulations and ordinances in your locality and must make sure that you and all your hair technicians and employees who work in your Franchised Business

comply with any such laws and regulations as well as obtain any licenses, certifications, credentials or permits required by your locality for performing work in your Franchised Business.

Your Franchised Business 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 Franchised Business, including the Americans with Disabilities Act, Federal Wage and Hour Laws and The Occupation, Health and Safety Act, 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 Hair by Danyelli Laurette Saloon & Cafe Franchised Business 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. To offer alcoholic beverages at the location of your Franchised Business, you need to comply with all applicable laws and obtain any and all necessary permits prior to doing so, as well as comply with brand guidelines as listed in the Manual(s). 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 Hair by Danyelli Laurette Saloon & Cafe Franchised Business. 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. The difficulty and cost of obtaining a liquor license, and the procedures for securing the license, vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, State Dram Shop laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol. Government rules and regulations impact terms and conditions of payment, taxes, advertising, pricing, product labeling, age of consumer, hours of operations, relationships among vendors, product producers, wholesalers, retailers, shipping practices, and limitations on sharing all the same among multi-unit ownership. In addition state laws and regulations give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol. It is your sole responsibility to research and comply with all rules and regulations relating to the sale of alcoholic beverages. For more detailed information as to how these laws affect your business, you should contact the state or local liquor licensing board in your state, as well as the appropriate municipal authorities in the city where you will operate, and consult with your advisors concerning these and other local laws and ordinances that may affect your Franchised Business. You should consider both their effect on your Franchised Business and the cost of compliance.

The U.S. Food and Drug Administration ("FDA"), the U.S. Department of Agriculture, the Federal Trade Commission and state and local health departments administer and enforce laws and regulations that govern food preparation, service, restaurant sanitary conditions and nutritional representations on menus. Federal, state and local agencies inspect cafes to ensure that they comply with these laws and regulations.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on omissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality. Many states, counties, cities and municipalities have enacted laws governing tobacco smoke.

Certain state and municipal laws require that nutritional language be included on the menu for each food item. The Patient Protection and Affordable Care Act of 2010 preempts those laws in favor of a federal menu labeling requirement.

You should investigate these laws and consult with a legal advisor about whether these and/or other requirements apply to your Franchised Business.

ITEM 2

BUSINESS EXPERIENCE

Danielle Settembre – President

Ms. Settembre has been our President since our formation on May 16, 2024. Ms. Settembre has served as the President of our affiliate, Danyelli Laurette Global LLC since its formation on December 6, 2021. Ms. Settembre has served as the President of our affiliate, DLS Global LLC since its formation on February 6, 2017. From December 2013 through March 2020, Ms. Settembre was a stylist with The Red Door by Elizabeth Arden in White Plains, New York.

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

You must pay us an initial franchise fee of $50,000 for the right to operate one Franchised Business. The initial fee is paid in a lump sum payment, is fully earned at the time you make the payment to us and is not refundable.

Site Evaluation Fee

We may, in our sole discretion, conduct on-site evaluations of any proposed site for the Franchised Business. If we conduct an evaluation, you will be required to pay a site evaluation fee per visit regardless of the number of proposed sites that we evaluate during our visit. The site evaluation fee will be an amount equal to our costs and expenses, which typically range between $800 and $1,500 per visit. If we have to travel more than once to conduct on-site evaluations of proposed sites for your Franchised Business, you will incur more than one site evaluation fee.

Site Selection Assistance

Before you select a site for your hair salon, we will provide you with certain site selection assistance as we deem appropriate and as you request. Your use of our site selection services is optional. We may visit your market to tour proposed sites for your hair salon at no additional cost. If we need to make additional trips to review proposed sites for you hair salon, then you must pay us for our site selection assistance at an hourly rate of $300 and also pay or reimburse us the out-of-pocket expenses that we incur in providing the site selection assistance, including costs of transportation, lodging, meals and the costs of the concurrent assistance from our designated national tenant broker. We estimate the site assistance payments per additional visit would be approximately $5,000 (including $1,500 to $2,000 to be retained by us). These fees are non-refundable.

If you do not use our designated national tenant broker, we will still provide you with certain site selection assistance as we deem appropriate. If we need to make additional visits to tour proposed sites for your hair salon beyond one visit, then you must pay us for our site selection assistance at an hourly rate of $300 and also pay or reimburse us the out-of-pocket expenses that we incur in providing the site selection assistance, including costs of transportation, lodging, meals and the costs of the concurrent assistance from our designated national tenant broker, if applicable. We estimate the site assistance payments per additional visit would be less than $5,000 (including $1,500 to $2,000 to be retained to us). These fees are non-refundable.

Construction Visits

We reserve the right to conduct on-site inspections during the construction of your hair salon as we deem appropriate. We may require you to pay us (or reimburse us for the cost of our selected (including our architects)), for our out-of-pocket expenses that we incur in conducting such on-site inspections, including costs of transportation, lodging, and meals. We estimate that construction visit payments to us could range from $750 to $1,500 per visit. These fees are non-refundable. We may also require you to use our internal project management resources or a designated third-party project management company, if applicable. We anticipate costs to engage a third-party project management company could range from $10,000 to $15,000. If we require you to use our internal project management resources, we may charge you for such resources and anticipate those costs could range from $5,000 to $10,000.

Grand Opening Contribution

You are required to conduct "Grand Opening" marketing in accordance with the grand opening marketing budget and plan you and we develop and spend between $15,000 to $20,000 on such Grand Opening. Alternatively, we may require you to deposit monies with us for us to spend on your Grand Opening. We may require you to pay our approved vendors and service providers for their products and services in accordance with your Grand Opening marketing program, at the times when due based on invoices presented to you.

Initial Inventory

Before you open your Saloon, you must purchase from us or our affiliate, an initial opening inventory of shampoos, conditioners, styling products and other items used to provide services. The total costs for the inventory for one (1) Hair by Danyelli Laurette Saloon & Cafe Franchised Business may range from $17,500 to $28,000 depending on your projected needs. This cost also includes your initial inventory of products intended for merchandising and retail sale. The purchase price for these items is non-refundable.

ITEM 6
OTHER FEES

Fee (1)	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenues.	Currently we collect weekly, for the previous Monday through Sunday	See Note 2 for the definition of Gross Revenues. We require you to pay Royalty Fees by electronic funds transfer. Accrued Royalties are debited from your account via electronic funds transfer on the next business day following the end of the period.

Franchisee Advertising Fund	2% of Gross Revenues.	Weekly for the previous Monday through Sunday	See Note 2 for the definition of Gross Revenues. The Franchisee Advertising Fund contribution is in addition to the local marketing requirement. We require you to pay the Advertising Fund contribution by electronic funds transfer. Advertising Fund amounts are debited from your account via electronic funds transfer on the next business day following the end of the period.
Local Marketing Expenditure	$1,500 per month, subject to increase not to exceed $3,000 per month	Monthly, on the 1st of each month.	We require you to spend at least $1,500 per month on marketing for your Franchised Business. This is not paid to us, but directly to third party vendors.
Cross Saloon Redemption	15% retained	Weekly for the previous Monday through Sunday	If a member who originated at your Hair by Danyelli Laurette Saloon & Cafe redeems their membership credits at another Hair by Danyelli Laurette Saloon & Cafe Business you will retain 15% of the value of those membership credits and pay, through automatic debit from your account via electronic funds transfer on the next business day following the end of the period, 85% of the value of those membership credits to the Hair by Danyelli Laurette Saloon & Cafe location that performed the services for your member.
Franchisee Advertising Cooperatives	As set by the cooperative.	As set by the cooperative.	Within any geographic area in which two or more company-owned or franchised Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses are located as a region for purposes of establishing an advertising cooperative ("Cooperative"), the franchisees may establish a Cooperative that includes your Hair by Danyelli Laurette Saloon & Cafe Franchised Business. Franchisees may create Cooperative's governing documents, which will set a dollar amount to contribution to a Cooperative. The Cooperative contributions will be applied to satisfy a portion of your local advertising requirements.

Interest	The lesser of 18% per year or the maximum lawful rate.	On demand.	We will charge interest on all overdue amounts.
Late Fee	$100 for each month that an amount owed to us remains past due.	On demand.	We may charge a late fee for any delinquent amounts due under the Franchise Agreement.
Charge for Nonpayment due to "Insufficient Funds"	$100 for each occurrence.	On demand.	Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or otherwise.
Additional Training	$500 per day per person plus costs and expenses	Before additional training.	See Item 11. You must also pay the expenses of your personnel attending training. Training costs includes labor, travel, materials, supplies, meals & incidentals, and any other out of pocket costs for training.
On-site Remedial Training	$500 per day per person plus costs and expenses	When billed.	If you ask or if we believe it is appropriate, we will (subject to availability) provide trained representatives to conduct on-site remedial training at your Hair by Danyelli Laurette Saloon & Cafe Franchised Business. Training costs includes labor, travel, materials, supplies, meals & incidentals, and any other out of pocket costs for training.
Transfer Fee	The greater of 25% of then-current franchise fee or $12,500	With transfer application.	No fee charged for a one-time transfer from individual(s) to a corporate entity formed for convenience of ownership of the franchise
Renewal Fee	The greater of 25% of then-current franchise fee or $12,500	Upon renewal of the Franchise Agreement.	In order to renew your Franchise Agreement, you must, among other things, pay us the renewal fee in a lump sum payment.
Public Offering Fee	We do not permit our franchisees to form public corporations.	Not Applicable	

Annual Fee for Public Companies	We do not permit our franchisees to form public corporations.	Not Applicable	
Inspection and Testing	Cost of inspection, if applicable, and cost of test. The costs for testing/inspection of a product will vary based on the testing required for the particular product, and we will provide an estimate of the costs to you before testing a product or inspecting any facilities.	When billed.	Before approving a supplier, we may require you to pay the cost of testing the supplier's products and inspecting its facilities (including our administrative expenses).
Indemnification	Varies according to loss.	On demand.	You must indemnify us when certain of your actions result in loss to us.
Audit Fee	Cost of audit	When billed.	Payable if an examination or audit shows you have understated any amount owed to us by 2% or more.
Call Center Program	We may develop a Call Center Program in the future. If developed, the cost would ranges from $1,000 to $2,650 per month depending on location volume, but may fluctuate with our actual costs	Monthly	We may implement a phone and online scheduling system ("Call Center Program") which you must participate in. If developed, you would be charged a monthly amount, paid to us, to cover 100% of our related expenses, including administrative management. Charges would be divided based on usage among all Franchised Business open and operating.

Technology Fee	$300 per month.	Due on the 1st day of each month, beginning 180 days after you sign the Franchise Agreement.	We may increase the amount of the Technology Fee up to $1,000 per month upon 30 days' prior written notice to you.
Insurance Fee	An amount equal to our actual expenses for the required coverages.	On demand.	If you fail to maintain the required insurance, we may (but need not) obtain it for you. If we do, we will charge you a fee equal to our actual expenses for obtaining and maintaining the required coverages.
Enforcement Costs	Will vary.	As incurred.	You must pay our costs of enforcement (including attorney's fees and costs) if you do not comply with the Franchise Agreement.
Annual Convention	For each person who is required to attend, $500 per person	Upon demand	If you fail to attend the annual convention, we may charge you a fee of up to $500 per person who is required to attend and failed to do so.
Quality Assurance inspections / Mystery shopper	Up to $150	Upon demand	You must pay the actual cost of any third-party quality assurance inspection and/or mystery shopper undertaken at your Franchised Business. See note 3.
Discretionary Alcohol Service Fee	6% of your revenues on beer and wine sales or a weekly flat fee to be mutually agreed upon	Currently we collect weekly, for the previous Monday through Sunday	See Note 4. The alcohol service fee is paid to us. This fee is not refundable.

Notes:

(1) All fees and expenses described above are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Unless we have noted differently, we may increase these amounts based on changes in market conditions, our cost of providing services and future policy changes, but we have no present plans to increase any fees.

(2) Gross Revenues are defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. Gross Revenues are not reduced by the amount of any discounts to employees, family members or other restaurants owned or controlled by Franchisee. However, the definition of Gross Revenues does not include (i) sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities; or (ii) tips or gratuities paid directly to your employees by customers of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business or paid to you and turned over by you to your employees in lieu of direct tips or gratuities. Please note that

cross- franchise redemptions of gift card or memberships may impact the total amount due for royalties and Franchise Advertising Fund fees.

(3) We may use an independent service to conduct a "mystery shopper" quality control and evaluation program. You must participate in this program, and we may require that you pay the then-current charges imposed by the evaluation service (as we direct, either directly to the evaluation service provider or to us as a reimbursement).

(4) If you sell alcohol at the Franchised Business, we may charge you a discretionary alcohol service fee equal to six percent (6%) of your revenues generated from alcohol sales. If we are prohibited by law from charging you a fee equal to a percentage of your revenues from alcohol sales, we may charge you an alcohol service fee equal to a weekly flat fee to be mutually agreed upon by you and us prior to your obtaining the right to sell alcohol. If you are authorized to sell alcohol at your Franchised Business, you will be obligated to continue to sell alcohol, unless we consent in writing that you may cease selling alcohol.

ITEM 7

ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Initial Franchise Fee	$50,000	$50,000	Lump Sum	When you sign Franchise Agreement	Us
Site Evaluation Fee	$800	$1,500	Lump Sum	When you sign Franchise Agreement	Us
Site Selection Assistance	$0	$5,000	Lump Sum	If you request our assistance	Us
Lease Expenses (1) (3 months)	$15,000	$25,000	As stated in lease	As incurred	Landlord
Leasehold Improvements (2)	$130,000	$225,000	As arranged	As incurred	Contractors and subcontractors
Furniture, Fixtures, and Equipment (3)	$50,000	$100,000	As arranged	As incurred	Approved Suppliers
Owners Representative to Manage Build-out Process (4)	$0	$18,000	As arranged	As incurred	Us, Approved Suppliers
Computer Hardware and Software (5)	$1,500	$2,750	As arranged	As incurred	Approved Suppliers
Initial Training Costs (6)	$1,000	$3,000	As arranged	Before opening	Costs of travel, lodging and meals
Security Deposits (7)	$5,000	$10,000	As arranged	As incurred	Third-Party Suppliers

Architect, Plans and Designs (including Site Plan/Design Fee) (8)	$7,000	$15,000	As arranged	As incurred	Architects, Designers or Engineers
Signage (9)	$7,000	$10,000	As arranged	As incurred	Third-Party Suppliers
Initial Inventory/Supplies (10)	$17,500	$28,000	As arranged	As incurred (prior to opening)	Approved Suppliers, which may include us or an affiliate
Grand Opening Marketing (11)	$15,000	$20,000	As arranged	As incurred	Us, advertisers and other vendors
Business Permits/Licenses (12) (1st year)	$250	$2,000	As required by government authorities	As required by government authorities	Applicable government Authorities
Insurance Deposits and Premiums (1st year)	$4,000	$7,000	As required by insurance carrier	Before opening	Insurance carriers
Professional fees (first three months) (13)	$1,500	$5,000	As arranged	As arranged	Attorneys, accountants or other professionals
Additional Funds (14) (3 months)	$50,000	$65,000	As arranged	As arranged	Third parties
TOTAL (15)	**$355,050**	**$592,250**			

Notes:

(1) Hair by Danyelli Laurette Saloon & Cafe locations are typically located in commercially zoned shopping or entertainment areas. Due to the cost of land acquisition and new construction, we anticipate that the premises for Hair by Danyelli Laurette Saloon & Cafe Franchised Business will be leased. These amounts assume that you will lease the premises and do not include costs of land acquisition and construction of a building. The leasehold improvements estimate is based on the cost of adapting our prototypical architectural and design plans to a facility containing approximately 1,800 to 2,500 square feet. The square footage of Hair by Danyelli Laurette Saloon & Cafe Franchised Business may vary depending on site availability.

(2) Construction and remodeling costs may vary widely, depending upon numerous factors, including but not limited to, weather conditions, labor costs, costs of materials, location, condition of the building, cost of construction permits, premises and condition of any related facilities, such as HVAC, electrical/wiring and plumbing infrastructure. The leasehold improvement costs are based on the experience of our affiliate constructed the affiliate-owned Hair by Danyelli Laurette Saloon & Café location. In some cases, the landlord may contribute to the cost of the build out by providing leasehold allowance, which has been factored into the estimates.

(3) This estimate includes all furniture, fixtures and equipment to be used in your Hair by Danyelli Laurette Saloon & Cafe business, including trade dress, interior art work and design elements. All of these items must meet our standards and specifications.

(4) We may require you to use our internal project management resources or a designated third-party project management company, at a cost that may range between $10,000 and $15,000. This estimate also includes two to four construction visits to be performed by us. We estimate that construction visits may have a cost ranging from $750 to $1,500 per visit.

(5) This amount includes estimated purchase costs or monthly lease cost of computer hardware and software (including, without limitation, back office software and point of sale software meeting our specifications and provided by our designated supplier or other manufacturer approved in writing by us) that you must use in the operation of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business. (See Item 11). In addition, you will be required to pay the first monthly Technology Fee ($300) within 180 days of signing your Franchise Agreement. Thereafter, you will pay the monthly Technology Fee ($300) once you open your Franchised Business to the public and each subsequent month.

(6) We provide initial training to your initial Principal Owner and General Manager (if different) at no additional charge. We have assumed that the Principal Owner will be the initial General Manager. This estimated amount includes only your out-of-pocket costs for the training one individual to attend our initial training program. You must pay all expenses you or your employees incur in the initial training program, like travel, lodging, meals and wages.

(7) You will likely be required to pay security deposits to certain third parties, including your landlord, telephone service provider, local utility companies and various equipment vendors and suppliers.

(8) You must use an approved architect/design vendor. After you receive your initial site plans/designs from the architect/design vendor, you may incur additional architect/design costs if modifications or other design services are needed in order to complete construction of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business based on specifications and requirements set for by us. All plans must be approved by us prior to the start of construction.

(9) All interior and exterior signage used at, or in connection with, your Hair by Danyelli Laurette Saloon & Cafe Franchised Business must conform to our standards and specifications.

(10) We estimate that this range will cover the cost of product inventory (including haircut, facial and waxing services, as well as other hairstyling services and other related products), supplies and other miscellaneous items for approximately the first 90 days of operations.

(11) You agree to conduct a grand opening advertising and promotional program and to spend $15,000 to $20,000, as determined by our standards. The grand opening program must be conducted during the period that is 30 days before and 30 days following the opening of your Saloon to the public (or such other period as may be prescribed by us in the Manual). Such advertising and promotion will utilize the marketing and public relations programs and media and advertising materials we have developed or approved, including, without limitation, a variety of meetings with potential members and participation in local events to promote your Franchised Business. You will likely pay third party advertising vendors directly, but all grand opening advertising must be agreed upon by you and us in advance, and all advertising must conform to our standards and specifications. Alternatively, we may require you to remit monies to us and we will pay all vendors and suppliers directly.

(12) State and local government agencies typically charge fees for occupancy permits, business license, liquor license, license and permits related to food service, and cosmetology license.

(13) We strongly recommend that you retain an attorney to advise you on this franchise offering. You may also wish to retain an accountant to help you evaluate this franchise offering. If you choose to form an entity to own the franchise, you may incur additional fees that we cannot estimate.

(14) These amounts provide a range of additional funds needed for the first three months of operation. These additional funds include payroll, supplies and other general operating expenses. These amounts do not include any estimates for debt service or any salary or draw for you. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience and business acumen. You will need capital to support ongoing expenses, such as payroll, utilities, rent, Royalty Fees, and Brand Fund contributions, if these costs are not covered by sales revenue for your first three months of operation. Our estimate does not include any sales revenue you may generate. New businesses often generate a

negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after/

(15) We relied upon our affiliate's experience in operating a Hair by Danyelli Laurette Saloon & Cafe when preparing these figures. Your actual costs may vary greatly and will depend on factors such as the size and condition of the space and cost to convert to a Hair by Danyelli Laurette Saloon & Cafe, your management skill, experience and business acumen; local economic conditions; the local market for the Hair by Danyelli Laurette Saloon & Cafe products and services; the prevailing wage rate; competition; and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service. These are only estimates. Your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee. We do not offer any financing for your initial franchise fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable (See Item 10).

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You must purchase certain products, supplies, insurance, inventory, signage, fixtures, furniture, equipment, décor and other specified items under specifications and standards that we periodically establish in our Manuals or other notices we send to you from time to time. You may be required to purchase or lease from us, our affiliates, or other designated third party suppliers all of the products, services, supplies, fixtures, equipment, inventory or real estate used in establishing or operating the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, but we do impose several sourcing/supplier requirements for certain items, including, among other things, private label products that you must offer for sale at any Hair by Danyelli Laurette Saloon & Cafe Franchised Business you own and the supplies and products used in operating such business, and we reserve the right to require you to purchase some or all of such items from us, our affiliates or other third party designated suppliers in the future. The equipment, products and services may include: equipment (such as salon chairs, haircut and trimming supplies, bowls, dishes, paraffin machines, towel warmer units, skincare equipment, kitchen equipment, décor, food and beverage inventory and supplies including but not limited to oven(s), refrigerator(s), freezer(s), dishwasher, ice machine, prep station, cutlery, glassware, and other equipment), furniture and fixtures, technology items (such as: POS System, computers, software, camera security system, flat screen televisions, wireless receivers and a sound system), approved products (such as: lotions, oils, towels, facial products, hair care products, waxing products, etc.), privately labeled products (which are products that carry the **Danyelli Laurette** label), supplies (such as gloves, liners, containers, replacement pads, paper products, cleaning supplies, etc.), uniforms, signage, site design services, satellite television providers, merchant services, promotional merchandise, printed advertising materials, shows and event marketing opportunities and vendor, co- branding, affinity programs.

Approved and Required Vendors and Suppliers

To maintain the quality of the services and goods that Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses offer and sell, as well as the reputation and goodwill of our Marks, you must operate your Franchised Business according to our System Standards. The System Standards may regulate, among other things: (i) the types, models, and brands of products, marketing materials and services your Franchised Business uses; (ii) required and authorized products and services that your Franchised Business must offer; (iii) required and authorized product and service categories; (iv) designated and approved suppliers of these items and services; and (v) design and layout specifications.

Approved vendors are those who demonstrate on a continuing basis the ability to meet our then-current standards and specifications, who have adequate quality controls and the capacity to supply the needs of the Hair by Danyelli Laurette Saloon & Cafe Franchise network promptly and reliably, whom we have approved in writing and

whom we have not later disapproved. We may designate ourselves or our affiliates as approved or designated suppliers of any item. Before opening a Hair by Danyelli Laurette Saloon & Cafe Franchised Business (and from time to time as needed during operation), you must purchase from approved vendor's certain items required for the operation of a Hair by Danyelli Laurette Saloon & Cafe Franchised Business, including, among other things, uniforms, certain equipment/tools, approved signage and a designated POS system.

Proposing New Suppliers

If you want to use any item or service for or at your Franchised Business that we have not yet evaluated or buy or lease from a supplier that we have not yet approved (for items and services that require supplier approval), you first must send us sufficient information, specifications, and samples so we can determine whether the item or service complies with our System Standards and/or the supplier meets approved supplier criteria. We may charge you or the supplier our costs for the evaluation. We will notify you of our approval or rejection of a proposed item, service or supplier within a reasonable time, usually within 60 days after receiving all information we require. Supplier approval might depend on, among other things, product quality, prices, consistency, warranty, reliability, delivery frequency, service standards, financial capability, customer relations, and concentration of purchases with limited suppliers to obtain better prices and service. Approval might be temporary until we evaluate the supplier in more detail. We may revoke our approval of a supplier by notifying the supplier and you in writing. It is an event of default under your Franchise Agreement if you utilize unapproved products, services or suppliers in the operation of your Franchised Business.

Purchasing Arrangements

Currently, we have not negotiated any purchase arrangements with suppliers, including prices or terms that benefit franchisees. We reserve the right to negotiate other purchase arrangements in the future. There are no formal or mandatory purchasing or distribution cooperatives, but we reserve the right to institute cooperatives in the future.

Purchases According to Specifications

You must comply with all of our standards and specifications relating to the purchase of all supplies, materials, fixtures, furnishings, equipment, computer systems and other products used or offered for sale at a Hair by Danyelli Laurette Saloon & Cafe Franchised Business. Among other things, the following must comply with our specifications:

Site Selection and Construction

You must locate a site for the Hair by Danyelli Laurette Saloon & Cafe Franchised Business within 90 days of the Effective Date that satisfies our site selection requirements through one of our two approved vendors. You must adapt our prototypical architectural and design plans as needed for the construction or remodeling of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business and provide them to us within 15 days after you acquire the site for the Hair by Danyelli Laurette Saloon & Cafe Franchised Business. We have the right to review your plans and must notify you of our objections within 15 days after we receive your plans. If we do not notify you of any objections within that time, you may use the plans. If we do object within the 15-day period, you may not use the plans. Any objections we make will also include a reasonably detailed list of changes that you must make for the plans to be acceptable. We will notify you within 15 days after we receive your revised plans if they are acceptable. If we do not object to your revised plans within the 15-day period, you may use the revised plans.

Advertising and Promotional Materials

You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe periodically. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least 15 days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within 10 days after our receipt of

such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn at our sole discretion at any time.

Insurance

You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense related to or connected with the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business. All required insurance policies must be purchased from an approved vendor. In addition, each of your insurance policies must include a three-year tail following the termination, expiration or transfer of your Franchise Agreement, and each policy must name us as a co-insured. At a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time in writing), you must carry:

(1) Comprehensive general liability insurance written on an occurrence form, including coverage for beauticians professional liability, broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in an amount not less than $1,000,000 per occurrence, $2,000,000 general aggregate, $2,000,000 products/completed operations aggregate, $1,000,000 personal and advertising injury, $50,000 damage to premises rented to you, and $5,000 medical expense (any one person). The general liability coverage shall include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability. There should be no limitation or exclusion for sexual abuse or molestation coverage;

(2) Employment related practices liability insurance, including third party coverage, in an amount not less than $1,000,000 per occurrence and $1,000,000 aggregate. Such insurance must include a deductible of less than $10,000 unless we approve a higher deductible in writing. Prior acts retroactive date must be no later than the effective date of your Hair by Danyelli Laurette Saloon & Cafe Franchise Agreement;

(3) Commercial automobile insurance written on a combined single limit basis for bodily injury and property damage with a limit not less than $1,000,000 per accident. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall include additional insured and waiver of subrogation endorsements in favor of us;

(4) Commercial umbrella or excess liability following form insurance in an amount not less than $1,000,000 per occurrence and $1,000,000 aggregate;

(5) Property insurance coverage to include coverage for replacement costs of all Franchisee-owned contents and tenant improvements at each location, and business interruption insurance for a period adequate to re-establish normal business operations, not to be less than six months. All property related coverage shall be written on special causes of loss forms with deductibles not to be greater than $10,000 per occurrence;

(6) Workers' compensation (Coverage A) with statutory limits complying with the laws of the applicable state, and employer's liability (Coverage B) with limits not less than $1,000,000 per accident, $1,000,000 disease policy limit, and $1,000,000 disease per employee. Such insurance shall include a waiver of subrogation endorsement in favor of us; and

(7) Such other insurance as may be required by us from time to time or by the landlord of the premises, and by the state or locality in which the Hair by Danyelli Laurette Saloon & Cafe Franchised Business is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

(8) You must obtain all other insurances required by local, state, or other government regulations in connection with the sale of alcoholic beverages in your jurisdiction.

We estimate that your leases or purchases from Suppliers (including us or our affiliates) or otherwise in accordance with our specifications will represent approximately 30% to 40% of your total purchases in establishing the Franchised Business and approximately 75% to 85% in the continuing operation of the Franchised Business (exclusive of your expenditures for rent and overhead).

Certain products may be exclusively supplied by us or our affiliates. Neither we nor our affiliates have received money from or on account of the sale of goods or services to franchisees as of the date of this disclosure document, but we reserve the right for us and our affiliates to do so in the future.

We or our affiliates may enter into certain agreements with Suppliers to receive rebates or other consideration on account of your purchases and based on certain percentages of the purchases you make from Suppliers. As of the date of this disclosure document, neither we nor our affiliates have received any monies from Suppliers, including but not limited to advertising credits and/or other payments or credits as a result of leases and purchases of products and services by franchisees. Neither we nor our affiliates currently receive rebates, overrides or other consideration from Suppliers as a result of purchases by our franchisees; however, we reserve the right to do so in the future.

We have already or may negotiate purchasing terms for franchisees from certain Suppliers. We cannot guaranty that any Supplier will offer or continue any particular pricing, warranty or other terms of sale. We will attempt to negotiate a continued supply of products from various Suppliers, but cannot guaranty a continuing supply from any particular Supplier. We are not under any obligation to you with respect to the terms negotiated or the terms of any Supplier. We cannot guarantee that Suppliers will offer or continue to offer you any trade credit terms as that is solely up to the Supplier and their credit standards.

We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchases of particular products or services or use of particular Suppliers.

None of the officers listed in Item 2 have an ownership interest in approved suppliers at this time, but may acquire an ownership interest in the future.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement 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.

Obligations	Section in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Franchise Agreement Section III.A.	Items 8 and 11
(b) Pre-opening purchases/leases	Franchise Agreement Sections III, VIII, IX. And XIII.	Items 5, 6, 7, 8 and 11
(c) Site development and other pre-opening requirements	Franchise Agreement Sections III, VII, IX.F, VIII, and XIII.	Items 1, 7, 8 and 11
(d) Initial and ongoing training	Franchise Agreement Sections VI.B. and VIII.A.	Items 6, 7 and 11
(e) Opening	Franchise Agreement Sections III, IX.F.	Items 7 and 11

(f) Fees	Franchise Agreement Sections V. and IX.	Items 5, 6 and 11
(g) Compliance with standards and policies	Franchise Agreement Sections III, IV, VII, VIII, IX, X., XI, XII, XIII.	Items 8, 11, 14 and 16
(h) Trademarks and proprietary information	Franchise Agreement Sections X. and XI.	Items 11, 13 and 14
(i) Restrictions on products/services offered	Franchise Agreement Section VIII.	Items 11, 13 and 14
(j) Warranty and Customer Service Requirements	Franchise Agreement Section VIII.H.	Items 8 and 16
(k) Territorial Development and Sales Quotas	Not applicable	Item 16
(l) On-going products/services purchases	Franchise Agreement Sections VIII. and IX.	Item 12
(m) Maintenance, appearance and remodeling requirements	Franchise Agreement Sections IV.B. and VIII.	Items 8, 11 and 16
(n) Insurance	Franchise Agreement Section XIII.	Item 8
(o) Advertising	Franchise Agreement Section IX.	Items 7 and 8
(p) Indemnification	Franchise Agreement Section XVI.	Items 6, 8 and 11
(q) Owners Participation management/staffing	Franchise Agreement Sections VII. and VIII.	Items 1, 11 and 15
(r) Records/reports	Franchise Agreement Sections III, V., IX. and XII.	Item 11
(s) Inspections/audits	Franchise Agreement Sections III, VI, VIII. and XII.	Items 6, 8 and 11
(t) Transfer	Franchise Agreement Section XV.	Items 6, 12 and 17
(u) Renewal	Franchise Agreement Section IV.	Items 6, 12 and 17
(v) Post-termination obligations	Franchise Agreement Section XIX.	Item 17
(w) Non-competition covenants	Franchise Agreement Section XI.	Item 17
(x) Dispute resolution	Franchise Agreement Section XX.	Item 17

ITEM 10

FINANCING

Neither we, nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third-party all or any part of any financing arrangement of yours.

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 Hair by Danyelli Laurette Saloon & Cafe Franchised Business, we or our designee will:

1. Provide you a digital copy of our site selection guidelines and give you the site selection assistance we believe to be necessary. (Section III.A. of Franchise Agreement);

2. Review your proposed site for compliance with our site selection guidelines and accept or not accept the site and your proposed lease or contract of sale within 15 days after receiving your complete site information. (Section III.A. of Franchise Agreement);

3. Identify approved or designated suppliers of the products, signs, equipment, materials, supplies, and services you must use to develop and operate your Location (Franchise Agreement, Section VI.I);

4. Provide access to or loan you one (1) set of our Manuals. (Franchise Agreement, Section VI.A.);

5. Provide you a list of any approved suppliers. (Franchise Agreement, Section VI.I.);

6. Conduct an initial training program. (Franchise Agreement, Sections VI.B. and VIII.A.); and

7. Provide you on-site opening assistance. (Franchise Agreement, Section VI.C.).

Post-Opening Obligations:

During the operation of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business, we:

1. May conduct periodic evaluations of your operations. (Franchise Agreement, Section VI.E.)

2. Will administer an advertising fund and provide any advertising and promotional materials we develop for local advertising. (Franchise Agreement, Sections VI.F. and IX.)

3. May provide any written materials (or copies of such materials) that we may develop over time, on the techniques of managing and operating Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses. (Franchise Agreement, Section VI.G.)

4. Will give you updated lists of approved suppliers and vendors. (Franchise Agreement, Section VI.I.)

5. May provide pricing methods/guidance from time to time for products and services to be sold at Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses. We reserve the right to establish maximum, minimum or other pricing requirements for the products to be sold at your Hair by Danyelli Laurette Saloon & Cafe Franchised Business to the fullest extent allowed by law. If established, you will be obligated to comply with these requirements. (Franchise Agreement, Section VIII.K)

6. May provide to you, on loan, proprietary software programs (if any) as may be developed by us or on our behalf for use in the System. We reserve the right to charge a reasonable license fee. (Franchise Agreement, Section VI.D)

Site Selection and Construction

You must identify and secure a site for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business within a non- exclusive Designated Area. In reviewing your proposed site, we consider various factors, including the condition of the site, the location of the site, population, and other demographic factors. We must accept the site as meeting our standards before you may begin any construction or renovations or use such site for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business. You cannot place a Hair by Danyelli Laurette Saloon & Cafe Franchised Business at a site we have not first accepted in writing. We loan you our written site selection guidelines to assist you in selecting a site that meets our guidelines. We do not generally own premises and lease them to our franchisees. (Section III.A. of Franchise Agreement)

When you identify a proposed site, you must submit to us in writing a description of the site, evidence that the site satisfies our site selection guidelines, a copy of the proposed lease or contract of sale for the site, and any other information we may require. We have 15 days after we receive all required information to review and accept or not accept your proposed site and notify you of such acceptance or rejection. You must also obtain our written approval of the final, complete lease or contract for sale for your site prior to your signing, and such document must include a rider in substantially the form attached to the Franchise Agreement. If we accept multiple sites, you must notify us within 5 days of our acceptance of the sites of the site that you intend to acquire for the Hair by Danyelli Laurette Saloon & Cafe Franchised Business. (Section III.A. of Franchise Agreement)

You are solely responsible for locating and obtaining a site for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business that is acceptable to us, and you must do so within 90 days after signing the Franchise Agreement. We have 15 days after we receive all required site information from you to review and approve or reject your proposed site and notify you of such approval or rejection. If you are not able to locate a site that is approved by us within 90 days after signing the Franchise Agreement then you will be in default under the Franchise Agreement, and we may, at our option, terminate your Franchise Agreement.

Promptly following our acceptance of the site, you must enter into a lease or contract of sale for the site, not later than 60 days after our approval of the site. You must provide us with a copy of the signed lease or contract of sale within 10 days of signing it. (Section III.A. of Franchise Agreement)

You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the construction and operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, and you must conform the studio premises as needed to comply with any local ordinances and building codes at your expense. (Franchise Agreement, Section III.C.) Before beginning construction of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, you must (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, and (ii) certify in writing to us that they have been obtained and that the insurance coverage required under the Franchise Agreement is in full force and effect. (Franchise Agreement, Section III.C.)

You must obtain, at your expense, any architectural, engineering, design, construction and other services necessary for the construction of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business. The architect(s) and engineer(s) selected to plan and oversee construction of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business must be approved by us before beginning their work on the Hair by Danyelli Laurette Saloon & Cafe Franchised Business. We may, but are not obligated to, provide you a list of approved architects and engineers. (Franchise Agreement, Section III.D.)

Time Between Signing the Franchise Agreement and Locating and Opening an Approved Site

We estimate that it will be approximately 180 to 270 days from the time you sign the Franchise Agreement to the time you begin operations. This time period may be shorter or longer depending on the modifications that must be made to the site to accommodate your Hair by Danyelli Laurette Saloon & Cafe Franchised Business 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 begin business within 270 days after signing the Franchise Agreement, unless we give you a written extension. (Franchise Agreement, Section III.E.) If you fail to obtain a written extension, you will be in default under the Franchise Agreement and we may terminate such agreement at our option.

Sale of Memberships

1. No memberships may be sold prior to opening your Franchised Business to the general public unless

   a. we have authorized you to sell memberships to the public;
   b. you (or your Principal Owner) and your general manager have completed, to our satisfaction, the pre-opening training described in the franchise agreement; and
   c. you have secured all financing and permits necessary to develop, build and fully equip your Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

2. You must commence selling membership prior to opening your Franchised Business to the general public. All membership activities must comply with the standards and specifications described in the Manuals or otherwise in writing by us.

3. You must also comply with and certify to us that you have obtained all necessary bonds and otherwise have complied, and will comply, with all applicable laws relating to your pre-sale of memberships. If you fail to do so, in addition to our other rights and remedies, you will not be authorized to begin offering or selling memberships for your Franchised Business.

4. You alone are responsible for ensuring that your membership agreements comply with all applicable laws and other legal requirements, including, without limitation, laws pertaining to bonding and escrow requirements. You will be liable to the applicable legal authorities if you fail to do so.

Requirements for Opening

On or before the Opening Date, you must open your Franchised Business to the public utilizing the Systems; provided, however, you may not open your Franchised Business to the public for business until:

1. We have inspected and approved your Hair by Danyelli Laurette Saloon & Cafe location as having been developed in accordance with our specifications and standards. As an alternative, or in addition, to our physical inspection of your Hair by Danyelli Laurette Saloon & Cafe location, we may require you to send us video and/or photographs of your Hair by Danyelli Laurette Saloon & Cafe location.

2. You must give us at least 30 days' prior written notice of the planned opening date and must notify us in writing when your Hair by Danyelli Laurette Saloon & Cafe location is ready for inspection. If we do not inspect the Saloon within ten (10) business days after your delivery of notice that the Saloon is ready for inspection, or if we do not deliver written comments to you within five (5) business days after our inspection, then the Saloon is deemed approved for opening. Our inspection and approval are limited to ensuring your compliance with our standards and specifications, although our approval is not a representation that the Saloon complies with our standards and specifications or a waiver of our right to enforce any provision of this Agreement. Our inspection and approval are not designed to assess compliance with federal, state or local laws or regulations, including the ADA, as compliance with such laws is your responsibility. We will not unreasonably withhold our approval of your Saloon;

3. You (or your managing owner) and the Saloon manager have completed the pre-opening training.

4. You have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your Saloon, including, without limitation, by ensuring that your planned membership offerings following the Saloon's opening and your forms of membership agreement comply with applicable law;

5. All amounts due to us have been paid;

6. We have received satisfactory evidence that you maintain the insurance required by this Agreement;

7. You have signed and delivered to us a request for opening, in the form we specify, under which, among other things, you certify that all of the requirements in have been satisfied.

8. We will work with you to identify the Saloon's Actual Opening Date at least 15 days before the Actual Opening Date. If you fail to do so, or if you fail to send us a completed request for opening form before you open the Saloon, then, in addition to our other rights and remedies, you will not be authorized to open or begin operating the Saloon.

Grand Opening Program

You agree to conduct a grand opening advertising and promotional program for the Saloon and to spend $15,000 to $20,000, as determined by our standards. The grand opening program must be conducted during the period that is 30 days before and 30 days following the opening of your Saloon to the public (or such other period as may be prescribed by us in the Operations Manual). Such advertising and promotion will utilize the marketing and public relations programs and media and advertising materials we have developed or approved, including, without limitation, a variety of meetings with potential members and participation in local events to promote your Saloon.

Advertising

Local Advertising

You must spend at least an amount equal to $1,500 per month for advertising and promotion of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business in the Protected Area (See Item 12 for a description of the Protected Area).

You must submit to us any reports (including substantiating receipts) detailing your local advertising expenditures that we may require. We may reallocate the proportion of those monies directed to local advertising (individually or through a Cooperative) and to the Fund. (Franchise Agreement, Section IX.)

You must place and pay the cost of a business listing acceptable to us, which may, at our option, be an Internet business listing, in such directories and categories as we may specify from time to time in the Manuals or otherwise in writing. We will not credit your payments for these listings towards your local advertising expenditure requirement. (Franchise Agreement, Section IX.G.)

All advertising and promotions you place in any medium must be conducted professionally, must conform to our standards and requirements and must be approved by us before use. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least 15 days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within 10 days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn at our sole discretion at any time.

You may not advertise, promote, post or list information relating to the Hair by Danyelli Laurette Saloon & Cafe Franchised Business on the Internet (through the creation of a website or otherwise), but we may, at our option, decide to include information about your Hair by Danyelli Laurette Saloon & Cafe Franchised Business on our Website.

We can designate any geographic area in which 2 or more company-owned or franchised Hair by Danyelli Laurette Saloon & Cafe Franchisees are located as a region for an advertising cooperative (“Cooperative”). We

reserve the right to require all Cooperatives to be formed as legal entities under applicable state laws. Any Cooperatives we authorize will be for the exclusive purpose of administering advertising programs and developing promotional materials for members in local advertising. If a Cooperative is established for an area that includes your Protected Area, you must become a member of the Cooperative and participate in the Cooperative by contributing the amounts required by the Cooperative's governing documents, which may require contributions as determined by your Cooperative. Your Cooperative contributions will be applied toward partial satisfaction of your local advertising requirement. All or a portion of your contributions to a Cooperative may be used to establish and/or maintain a website(s) focused on promoting the System in and around your market area. All franchisee, affiliate- and company-owned Locations that are part of a Cooperative will be required to contribute to the Cooperative on the same basis as the other members of the Cooperative. If we have company-owned Hair by Danyelli Laurette Saloon & Cafe businesses that are included in your Cooperative territory, those company-owned franchises will not have power to increase your required Cooperative contributions without a majority vote of the franchisee members of the Cooperative. You must also submit to the Cooperative and to us all statements and reports that we, or the Cooperative, may require. Cooperative contributions will be maintained and administered under the Cooperative's governing documents and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. The Cooperative governing documents will be available for review by all of the Cooperative members. Cooperative members will be entitled to a report on an annual basis on how the Cooperative's funds are being spent. (Franchise Agreement, Section IX.B.)

Advertising Fund and Regional Advertising

Franchisee Advertising Fund Contributions

In addition to local advertising, we have established a franchisee advertising fund ("Fund"). You must make weekly contributions to the Fund of 2% of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business's Gross Revenues. Your required contributions to the Fund are in addition to amounts you are required to spend for local advertising. Fund contributions are also in addition to any contributions that may be required through a Cooperative.

Administration of the Advertising Fund

We or someone we designate will separately administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. We will direct all programs financed by the Fund, including the creative concepts, materials, endorsements, and the geographic market and media placement and allocation thereof. We may use the Fund to satisfy the costs of producing video, audio and written advertising materials; administering regional and multi-regional advertising programs; developing and maintaining an Internet website; developing and maintaining gift card, membership and other customer loyalty programs; and supporting public relations, market research and other advertising, promotion and marketing activities. We are not required to make expenditures for you that are equivalent or proportionate to your Fund contributions or to ensure that any particular franchisee benefits directly or in proportion to its contributions to the Fund. Except for any portion of the Fund spent on Website development and maintenance (a portion of which may include soliciting the sale of franchises using the websites or websites primarily focused on franchise growth), the Fund is not used to solicit the sale of franchises. The Hair by Danyelli Laurette Saloon & Cafe businesses owned by us and our affiliates may, but are not required to, contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement.

We may use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations.

We will not use your Fund contributions to defray any of our operating expenses, except for any reasonable salaries, administrative costs, travel expenses and overhead that we may incur in administering the Fund and its programs. We will prepare an annual statement of the Fund's operations and will make it available to you if you request it. Any amounts in the Fund that are not spent in the fiscal year in which they accrue will be applied toward

advertising activities or our expenses incurred in administering the Fund and its programs in the following fiscal year. We are not required to have the Fund's statements audited.

As of the date of this disclosure document, there were no Franchisee Advertising Fund contributions. We presently do not have an advertising council.

We may terminate the Fund at any time on 30 days' prior written notice to you. If we terminate the Fund, all unspent monies will be distributed to the contributors in proportion to their respective contributions during the preceding 12-month period. (Franchise Agreement, Section IX.C.)

Computer and Electronic Cash Register Systems

You must purchase, install and at all times use our designated point of sale computer system ("POS System") at your Hair by Danyelli Laurette Saloon & Cafe Franchised Business. If the POS System is updated or modified by the manufacturer from time to time you may be required to purchase the modified or upgraded version. You must also install and maintain at least two point-of-sale terminals that are capable of running the POS software (and one back-office work-station computer). The POS software is used to generate, compile, store and manage Hair by Danyelli Laurette Saloon & Cafe Franchised Business sales information. You must purchase this software and the related point of sale hardware from a supplier approved by us. Before approving a new supplier, we will require you to pay the cost of testing the supplier's products and inspecting its facilities (including our administrative expenses). These costs will vary depending on the nature of the products being tested and the nature and location of the facilities being inspected. Nothing requires us to approve any particular supplier and we are not required to notify you of our approval or disapproval within any specified period of time, but we will use commercially reasonable efforts to notify you within 30 days once we have completed our evaluation of the proposed product or supplier.

The POS system, including the required computer hardware needed to operate the system, costs approximately $1,000 to $2,500 (as shown in Item 7 of this disclosure document), depending on the number of terminals needed for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business and whether you wish to have a central office terminal for tracking information for multiple locations.

You must also install and maintain a computer at the Franchised Business that has Internet access via high speed internet connection, is capable of running the software we require from time to time and is able to transmit and receive e-mails. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by your Franchised Businesses.

Except as stated above, neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your hardware or software. Except as stated above, there are currently no optional or required maintenance/upgrade contracts for the POS System or any of your computer systems. The software programs and hardware used at your Franchised Businesses are designed to enable us to have independent access to the information generated and stored by the system, and there is no contractual limitation on our access to or use of the information we obtain.

We may revise our specifications for the hardware and any software used in the Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses as we deem necessary, including the designation of specific brands or models of accounting software or other software used for word processing, spreadsheets and other office functions, that you must use in the operation of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business. In addition, you must update and upgrade the hardware and software described in this Item 11 from time to time as we require, and you must install any other hardware or software for the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. The licensors of the required software may develop enhancements and upgrades for their programs that you may be required to obtain. We cannot estimate how often those licensors may develop updates, upgrades or enhancements, or whether we will require you to obtain them, or their cost to you. There are, however, no limitations on the frequency and cost of the updates, upgrades or enhancements. However, we estimate

that the annual cost of any optional or required maintenance or upgrades of your computer system would not be expected to exceed the cost of your original purchase of the computer system.

Confidential Operations Manuals

Attached to this disclosure document as Exhibit C, is the Table of Contents for our Confidential Operating Manual. The Table of Contents will state the number of pages devoted to each subject contained in the Confidential Operating Manual and will also state the total number of pages in the Confidential Operating Manual. The training-related Manuals contain a total of approximately forty-five (45) pages. Other Manuals containing supplier or provider information will be provided electronically via a SharePoint site or other web-based platform.

Training

Unless we agree otherwise, within sixty (60) days of executing the Franchise Agreement for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business, you and your Principal Owner and General Manager (if different from the Principal Owner) must have attended and completed our initial management training program to our satisfaction. (Franchise Agreement, Section VIII.A.) Our initial training is completed via Zoom and consists of approximately 30 hours of training. The training is completed over the course of several weeks. If you purchase more than one franchise, we will provide a significantly reduced training curriculum for your second franchise.

The training program may be conducted at our offices in Scarsdale, NY or online, at our discretion. The Manuals detail all aspects of franchise operations presented in training and serve as an ongoing reference. Updates to the Manuals will be made available to you through various means including online. Training sessions will be taught by Danielle Settembre, our President, and/or other qualified members of our staff or third-party professionals designated by us. Each member of our training staff will have at least 2 years of experience in the subject matter to which they have been assigned training responsibilities.

Danielle Settembre, our President, has served in this position since our formation. Ms. Settembre also has over four years of business experience as the CEO of our affiliate owned Hair by Danyelli Laurette Saloon & Cafe located in Scarsdale, which operates as a business similar to the one being offered in this Disclosure Document. Ms. Settembre and/or other qualified members of our staff will teach franchisees the subjects identified below in our initial training program.

Occasionally, different guest speakers may present materials at the training program to provide information about various products, services and programs offered by us. For example, some speakers may be our employees, other franchisees or industry experts. Our training program uses presentations, demonstrations, examples from the Operations Manual, on the job training, and various speakers.

TRAINING PROGRAM			
Subject	**Hours of Classroom/Online Training**	**Hours of On the Job Training**	**Location**
Hair by Danyelli Laurette Saloon & Cafe System and Philosophy	2 Hours		Our offices in Scarsdale, NY or online
Approved Services	2 Hours		Our offices in Scarsdale, NY or online
Approved Equipment and Products and How to Use Them	2 Hours		Our offices in Scarsdale, NY or online
Product Presentation and Merchandising	2 Hours		Our offices in Scarsdale, NY or online
Approved Vendors and Suppliers	2 Hours		Our offices in Scarsdale, NY or online

Strategies for Purchasing Equipment, Products and Supplies	2 Hours		Our offices in Scarsdale, NY or online
Haircare, Skincare and Waxing Service Offerings	4 Hours		Our offices in Scarsdale, NY or online
Client Service Standards, Quality and Handling Complaints	4 Hours		Our offices in Scarsdale, NY or online
Pricing Guidelines	4 Hours		Our offices in Scarsdale, NY or online
How to Run Your Saloon Efficiently, Sales Training	4 Hours		Our offices in Scarsdale, NY or online
Safety, Security, Health and Sanitation	4 Hours		Our offices in Scarsdale, NY or online
Marketing and Promoting Your Business	2 Hours		Our offices in Scarsdale, NY or online
Hiring and Training Employees / Staffing and Labor Costs	4 Hours		Our offices in1 Scarsdale, NY or online
POS System and Software Training	4 Hours		Our offices in Scarsdale, NY or online
Standardized Bartender and Shift Lead skills training	4 Hours		Our offices in Scarsdale, NY or online
Administrative and Bookkeeping Responsibilities	4 Hours		Our offices in Scarsdale, NY or online
Pre-Opening Training	4 Hours		At your Location
Totals Hours*	54 Hours	0 Hours	

*The actual hours of classroom, online, and on-the-job training may vary. For example, it may take less time to cover a subject in a smaller class than in a larger class.

Pre-Opening Training:

In addition to the initial management training program mentioned above, at our (or designated representative's) expense, within two (2) weeks of your Franchised Business opening for business, we (or our designated representative) will train your staff on brand culture, hospitality etiquette, service menu knowledge, and various hand, foot, hair, face, eyebrow, or skin protocols and techniques while at your location. We will also provide you grand opening assistance and provide your front of house staff with sales and membership conversion training during this time. Pre-opening training will typically take between 12-14 days, with 7-10 days dedicated to education of your staff; however, it may vary depending on the size of your staff. Pre-opening training may take place at your Location or substituted with training at a current operational Hair by Danyelli Laurette Saloon & Cafe location in your area.

Bartender Training:

Bartenders should generally be trained 1-2 weeks prior to opening. Bartenders shall attend 4 days of training for approximately 6-8 hours (each day). The bartender must be available to attend the full 4 days of training prior to the Franchised Business opening. Once the Bartender has successfully completed the training, you should schedule them for in-store training. We generally recommend that the in-store training be 2-3 additional days (generally 6 hours a day). Bartender training will be facilitated by the Operating Principal at a predetermined location/facility with Wi-Fi access. All participants will be required to have a laptop for training so that they can practice accessing the

POS system. We do not provide bartender training.

Ongoing Training:

We may provide you with memos and/or newsletters that will contain ongoing training relating to your Hair by Danyelli Laurette Saloon & Cafe Franchised Business. In very rare instances, we may periodically require that you or your Owners (if you are an entity), general manager and/or technicians complete additional or refresher training programs to correct, improve or enhance the operations of your Franchise. Such additional or refresher training programs may be conducted through the telephone, webinars, video training or at annual conferences. Anyone attending additional or refresher training programs (training other than by telephone, webinars or video training) will be subject to an additional training fee and all costs associated with attending the training program such as travel, room and board. You are responsible for any and all expenses incurred in connection with any initial or additional training and attendance at any franchisee conventions, including, without limitation, the costs of travel, lodging, meals and wages incurred by you and your personnel.

ITEM 12

TERRITORY

Your Franchise Agreement will grant you certain limited rights with respect to a specific Territory. That Territory will be identified on an attachment to the Franchise Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Territory will be identified on an attachment to the Franchise Agreement. We will agree not to grant another franchise, open a company and/or affiliate-owned Hair by Danyelli Laurette Saloon & Cafe or permit any Hair Saloon & Café, business whether owned by a franchisee, us or an affiliate to solicit sales within your Territory during the term of your Franchise Agreement, except to the extent that an advertisement, marketing promotion or web promotion may include publication within your Territory.

The Territory may be located within specific zip codes, counties or other natural boundaries. Your Territory may be based in part on population density, number of salons within the Territory, current and projected market demand, potential customer base, access and visibility, traffic patterns and other economic, demographic and geographic factors determined by us in our sole discretion. We will assign you a Territory as we deem appropriate for your Franchised Business in our sole discretion. The minimum Territory granted to a franchisee may be the franchisee's business location with no corresponding geographic protection. If the Territory has not been designated when you sign the Franchise Agreement, we will designate a Territory shortly thereafter and a Territory Attachment will be attached at that time. Other than the right to develop a franchised business in the Territory, you will not be granted any other right with respect to the Territory, including but not limited to the right to sell products through alternative channels of distribution or develop franchised businesses in non-traditional locations (defined below). If we develop alternative channels of distribution, we do not guarantee that those alternative channels of distribution will be offered as franchises and we are not obligated to offer to you the right to sell products or services through any alternative channels of distribution.

Notwithstanding the grant above and without limiting our retention of all other rights not specifically granted to Franchisee, we reserve the right (without any compensation to you) for us, our company-owned locations, our affiliates, and our franchisees (if granted to other franchisees) to:

(i) Operate, and license others to operate, Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses at any location outside the Territory.

(ii) Develop and establish other business systems (including systems that distribute products or services similar to those offered at Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses) using other names or marks, and grant licenses to use those systems;

(iii) Advertise and promote the System within and outside the Territory;

(iv) Acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Territory;

(v) Within and outside the Territory, offer and sell, and authorize others to offer and sell, any similar or dissimilar products and services (under the Marks or under other names or marks) through any channel or by any method of distribution (including the Internet sales, wholesale sales, catalog sales, telemarketing and other direct marketing sales) other than an Hair by Danyelli Laurette Saloon & Cafe Franchised Business offered under this Disclosure Document, on any terms and conditions we deem appropriate, and without any compensation to you.

We also reserve for ourselves and our affiliates all rights not exclusively granted to you.

To maintain your Territory you must continue to meet the requirements of the Franchise Agreement. You are not required to achieve any particular sales volume or market penetration or meet any other contingency to maintain your rights in the Territory, and we may not reduce your rights in the Territory due to population increases or other circumstances other than your breach of the Franchise Agreement or other agreement you have with us or our affiliates.

You must operate the Hair by Danyelli Laurette Saloon & Cafe Franchised Business only at the location approved by us. You may not relocate the Franchised Business without our prior written consent. We consider the following factors in approving your relocation: if you are in compliance with the Franchise Agreement; you have paid all monies to us and our affiliates; the proposed location meets our site selection criteria; and you comply with our lease requirements.

You may not solicit or accept orders from consumers outside the Territory through any channels of distribution (including the Internet, catalog sales, telemarketing and other direct marketing sales). When advertising in a medium that has distribution in another franchisee's Territory and where that franchisee has chosen to participate, you must include in the written advertising, marketing, promotion or web promotion or oral script utilized, the locations of that franchisee. When that franchisee chooses not to participate in the advertising, marketing, promotion or web promotion, the written or oral advertisement must include only the locations of the participating franchisee(s) whose Territory falls into the distribution area of advertising medium employed and must also include the disclaimer "at participating locations only," as well as to eliminate any reference to menu pricing if there is a difference in pricing between franchised owned locations or between your pricing and that of corporate or licensee owned locations.

In the event we acquire a competing system and such is an established non-franchised business that contains operations within your Territory:

(a) we may offer you the business within your Territory at a cost equal to the fully allocated costs associated with the business;

(b) you will have thirty (30) days to decide whether or not to acquire the business as a Hair by Danyelli Laurette Saloon & Cafe franchise under the then-current franchise agreement;

(c) you will not be charged a franchise fee for that acquisition;

(d) you will have six (6) months to bring the business up to our then-current standards for a Hair by Danyelli Laurette Saloon & Cafe franchise;

(e) if you acquire the business, your royalties for the acquired unit will be reduced by twenty percent (20%) for a period of two (2) years from the date you acquired the business, but no other fees will be reduced; and

(f) if you decide not to acquire the business, we or, our affiliates may operate the business ourselves or offer the business to someone else whether with or without the Marks, without compensation to you.

In the event that we acquire an established franchised system that uses different brands:

(a) we will have the unrestricted right, but not the obligation, to convert the existing business to the System;

(b) if the business is converted to the System, you will receive a royalty of twenty percent (20%) of the royalties received by us from the converting franchisee's operations in your Territory for a period of two (2) years from the date the business was converted to the System; and

(c) if the business is not converted to the System, we reserve the right to allow it to operate without any compensation to you and receive the services provided to franchisees hereunder.

Rights of First Refusal

We generally do not grant any options, rights of first refusal or similar rights to obtain additional franchises. If you wish to obtain an additional franchise, you must enter into a separate Franchise Agreement for that franchise.

Neither we nor any affiliates have established or have present plans to establish franchises, company- owned outlets or other channels of distribution offering and selling products and services similar to those to be offered by you under different trademarks. There are, however, no restrictions in the Franchise Agreement that would prohibit us from doing so.

You may use the Internet to advertise only on our website and only to the extent expressly permitted under, and in compliance with, the Franchise Agreement.

ITEM 13 TRADEMARKS

We grant you the right and license to use the Marks and the System solely in connection with your Franchised Business. You may use our trademark "Hair Saloon & Café" and such other Marks as are designated in writing by us for your use. In addition, you may use them only in the manner authorized and permitted by us and you may not directly or indirectly contest our ownership of or rights in the Marks.

The following is a description of the registered Principal Trademarks:

Mark	Registration Number	Registration Date
	6,931,181	December 20, 2022
DANYELLI LAURETTE	7,101,897	July 4, 2023

DANYELLI LAURETTE	7,761,298	April 15, 2025
HAIR BY DANYELLI LAURETTE SALOON & CAFÉ	8,049,193	December 2, 2025
HAIR BY DANYELLI LAURETTE SALOON & CAFÉ	8,049,194	December 2, 2025
DANYELLI LAURETTE SALOON & CAFÉ	8,057,337	December 9, 2025
DANYELLI LAURETTE SALOON & CAFÉ	8,057,338	December 9, 2025

With respect to the Marks, there are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding. If our right to use a trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. All affidavits have been filed.

The Franchise Agreement will require you to notify us of the use of or claims of rights to a Mark or a trademark confusingly similar to a Mark licensed to you. We will take affirmative action as we deem necessary when notified of these uses or claims. We will remain in control of any such proceeding. We will indemnify and hold you harmless for any expense associated with a claim made against you relating to the use of the Principal Trademarks by you, unless the claim is based upon your misuse of the Principal Trademarks in a manner not permitted under the Franchise Agreement.

We will indemnify against or reimburse for expenses you incur in defending claims of infringement or unfair competition arising out of your use of the Marks. You are required to notify us immediately when you become aware of the use, or claim of right to, a Mark identical or confusingly similar to our Marks. If litigation involving the Marks is instituted or threatened against you, you must notify us promptly and cooperate fully with us in defending or settling the litigation. We, at our option, may, but is not required to, defend and control the defense of any proceeding relating to any Marks. We have the exclusive right to control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Marks. You agree to sign any documents, render any assistance, and do any acts that our attorneys say is necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks, or to otherwise protect and maintain our interests in the Marks.

If it becomes advisable at any time in our sole judgment for us to modify or discontinue the use of any Mark, or use one or more additional or substitute trade or service marks, including the Marks used in our business name, then you agree, at your sole expense, to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect a Franchisee's use of the Marks in any state.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents Rights

There are no patents (or pending patent applications) material to the operation of your Franchised Business.

Copyrights

We claim copyright protection covering various materials used in our business and the development and operation of the Franchised Business including the Confidential Operating Manual, recipes, Advertising Materials, Social Media Materials and similar materials. We have not registered these materials with the U.S. Registrar of Copyrights but we are not required to do so. There are no currently effective determinations of the U.S. Copyright Office or any court or any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We know of no superior rights or infringing uses that could materially affect your use of the copyrighted materials.

The Franchise Agreement will require you to notify us of the use of or claims of rights to the copyrighted materials. The Franchise Agreement will also require you to assist us with protecting our claims of right to the copyrighted material by (i) providing us with support, as we determine, and (ii) signing documents, as we require. We will take affirmative action as we deem necessary when notified of these uses or claims. We will remain in control of any such proceeding. We will indemnify and hold you harmless for any expense associated with a claim made against you relating to the use of the copyrighted materials by you, unless the claim is based upon your misuse of the copyrighted materials in a manner not permitted under the Franchise Agreement. We reserve the right to modify or change the copyrighted materials and compel you to accept and adopt such modifications or changes at your expense. You will include, where required by us, any intellectual property notices required by us.

If you or your Owners (as defined in the Franchise Agreement) develop any new concept, process, product or improvement in operating or promoting the Franchised Business, you must promptly notify us and provide us with any information, samples or instructions we request without charge. Such new concept, process, product or improvement will become our exclusive property if we approve it for use in the System. We may then freely distribute such concept, process, product or improvement to other franchisees without compensation to you.

Confidential Operations Manuals

Under the Franchise Agreement, you must operate your Hair by Danyelli Laurette Saloon & Cafe Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manuals. You will be loaned a copy of the Manuals for the term of the Franchise Agreement. You must operate your Hair by Danyelli Laurette Saloon & Cafe Franchised Business strictly in accordance with the Manuals, as it may be revised by the Company from time to time. You must at all times, treat the Manuals and the information in them, as well as any other materials created for or approved by use for the operation of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business, as confidential, as required by the Franchise Agreement. You must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The Manuals will remain our sole property and must be returned in the event that you cease to be a Hair by Danyelli Laurette Saloon & Cafe Franchised Business owner.

We may from time to time revise the contents of the Manuals, and you must comply with each new or changed provision in the Manuals. You must ensure that our Manuals are kept current at all times. In the event of any dispute as to the contents of the Manuals, the terms of the master copies maintained by us at Company's home office will be controlling.

Confidential Information

The Franchise Agreement requires you to maintain all Confidential Information of the Company as confidential both during and after the term of the Agreement. "Confidential Information" includes all information, data, techniques and know-how designated or treated by the Company as confidential and includes the Manuals. You may not at any time disclose, copy or use any Confidential Information except as specifically authorized by the Company. Under the Agreement, you agree that all information, data, techniques and know-how developed or assembled by you or your employees or agents during the term of the Franchise Agreement and relating to the System will be deemed a part of the Confidential Information protected under the Franchise Agreement. See Item 15 below concerning your obligation to obtain confidentiality and non-competition agreements from persons involved in the Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

We recommend and may in our sole discretion, require that you, the Franchisee, or your Operating Principal personally supervise the day-to-day activities of the Franchised Business. If we permit you to not personally supervise the operations of the Franchised Business and you elect to do so, you will be required to employ a full-time manager who must be responsible on an exclusive basis for the on-premises supervision of the daily operations of the Franchised Business. Any person serving in the role of manager must successfully complete our training program and undergo any required supplemental training. The manager must be reasonably qualified to run an operation of this nature as determined, in our sole discretion, but need not be an equity Owner in the Franchisee.

We require that you appoint an Operating Principal who will serve as principal contact with us. The Operating Principal shall be the only individual that we will deal directly with and whose instructions and/or directions we will address. You may not replace the Operating Principal without our prior written consent.

Certain individuals associated with your Franchised Business, including your Owners (and members of their immediate families and households), officers, directors, partners, and your designated manager, executives, employees and staff may be required to sign nondisclosure and non-competition agreements similar to the Nondisclosure and Non-Competition Agreements attached to the Franchise Agreement as Exhibits 6 and 7. We will be a third-party beneficiary with the independent right to enforce those agreements.

If you are a business entity, anyone who owns a five percent (5%) or greater interest in the Franchisee entity ("Owner") must personally guarantee the performance of all of the Franchisee's obligations under the Franchise Agreement, agree to be personally liable for any breach of the Franchise Agreement by the Franchisee and sign the Guarantee attached to the Franchise Agreement as Exhibit 9.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

All products you use or sell at the Hair by Danyelli Laurette Saloon & Cafe Franchised Business must conform to our standards and specifications. (See Item 8). These are described in our Manuals and other writings. You must not deviate from our standards and specifications unless we first give you our written consent. You must also comply with all applicable laws and regulations and secure all appropriate governmental approvals for the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, including all approvals necessary for the offer and sale of alcoholic beverages. Before you offer alcohol at your Franchised Business, you must obtain any and all necessary governmental permits.

You must offer and sell only the products and services that we have expressly approved in writing, and you must offer and sell each of the products and services we authorize for sale at Hair by Danyelli Laurette Saloon

& Cafe Franchised Businesses. You must stop selling any products or services that we disapprove in writing. There is no limit on our right to add or remove items from our standard list of products and services, and you must promptly comply with any changes that we make to that list. You must perform all services using the procedures contained in our Manuals or other written instructions. You must not use or offer nonconforming products or services unless we first give you our written consent. You must open and operate the Hair by Danyelli Laurette Saloon & Cafe Franchised Business during the hours we specify in the Manuals or otherwise in writing.

We may make available to you and may require you to purchase from us for resale to your customers' certain merchandise, like clothing or other memorabilia, in amounts necessary to meet your customer demand.

You may only install and offer at your Hair by Danyelli Laurette Saloon & Cafe Franchised Business such equipment and machines as we have expressly approved in the Manuals or otherwise in writing.

We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services.

You may not sell any products at wholesale or to any purchaser whom you know (or have reasonable grounds to suspect) intends to resell the products unless you receive our prior written consent to such sale. Any such sale must be conducted in accordance with our System Standards. We do not impose any other restrictions in the Franchise Agreement or otherwise on the goods or services that you may offer or sell or the customers to whom you may offer or sell.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP **This table lists important provisions of the Franchise Agreement. You should read these provisions in the agreements attached to this Disclosure Document.**		
Provision	**Section in Franchise Agreement**	**Summary**
a. Length of the term of the franchise	Section IV.A	Ten (10) years from the date you execute the Franchise Agreement.
b. Renewal or extension of the term	Section IV.B	One (1) additional ten (10) year term.

c. Requirements for you to renew or extend	Section IV.B	Requirements include, among others: (i) we must be offering franchises in the area in which the Franchised Business is located; (ii) during the entire term of your Franchise Agreement you must have substantially complied with its terms; (iii) you must execute the then-current franchise agreement, which may have materially different terms than the Franchise Agreement; (iv) you must bring the Franchised Business in full compliance with our then- current standards, including but not limited to refurbishing the Franchised Business and installing new equipment packages; (v) you must meet any new current training requirements; (vi) you must have satisfied all monetary obligations to us, our affiliates and/or Suppliers; (vii) you must execute a general release which includes us, our affiliates and all of their respective owners, officers, directors, agents and employees; (viii) you must give us not more than nine (9) months and not less than six (6) months written notice; (ix) you must maintain all relevant licenses and permits necessary for the operation of the Franchised Business, including but not limited to a license or permit to offer for sale beer and wine; (x) you must enter into a lease for the location of the Franchised Business for the duration of the successor term; and (xi) you must pay the successor agreement fee. Renewal of the Franchise Agreement means signing the then-current franchise agreement which may contain materially different terms and conditions than those contained in the Franchise Agreement.
d. Termination by you	Not Applicable	Not Applicable (your termination rights are subject to state law).
e. Termination by us without cause	Not Applicable	Not Applicable. We will not terminate without cause.
f. Termination by us with cause	Section XVIII.	We may terminate on your default.
g. "Cause" defined – curable defaults	Section XVIII.C.	Curable defaults, which must be cured on ten (10) days' written notice, unless stated otherwise in the Franchise Agreement or as otherwise provided by law, including (i) failure to maintain required insurance; (ii) failure to maintain licenses or certificates; (iii) non-payment within time period required; (iv) failure to provide reports and information when required; (v) violation of transfer requirements; (vi) failure to develop, open and operate the Franchised Business within the time period required; (vii) failure to complete training; (viii) abandonment of business; (ix) failure to remodel the Franchised Business location; (x) failure to comply with laws; (xi) loss of right to operate at the Franchised Business location; (xii) failure to meet any other obligation of the Franchise Agreement, the Confidential Operating Manual or otherwise established in writing by us; and (xiii) you or your guarantors default in any other

		agreement with us, our affiliates or any Supplier and such default is not cured with the time permitted.
h. "Cause" defined – defaults which cannot be cured	Sections XVIII.A. and XVIII.B.	Non-curable defaults include, among others: (i) material false statements or reports; (ii) underreporting of Gross Revenues; (iii) unauthorized business activity; (iv) conviction or no contest plea to a felony or certain other crimes; (v) engaging in dishonest or unethical conduct which adversely affects our reputation or goodwill; (vi) failure to pay taxes when due; (vii) repeated events of default; (viii) insolvency or bankruptcy; (ix) operating at a risk to public safety or health; (x) breach of requirements relating to proprietary information or the Principal Trademarks; (xi) an unauthorized transfer of the Franchise Agreement or an ownership interest in the Franchisee or of the Franchised Business; (xii) an unauthorized relocation or attempt to relocate the Franchised Business; (xiii) failure to comply with the Confidentiality, Non-Use and Non-Competition Agreement or refrain from copying, duplicating, recording or otherwise reproducing the Confidential Operating Manual; and (xiv) failure to follow the recipes, use the required ingredients or obtain ingredients and goods from Suppliers, as required.

i. Your obligations on termination/non-renewal	Section XIX.	Obligations include: (i) you must pay all sums owed; (ii) cease to be a Hair by Danyelli Laurette Saloon & Cafe franchisee; (iii) cease operating the business or any other business under the marks or confusingly similar marks; (iv) refrain from representing to the public that you are or were a Hair by Danyelli Laurette Saloon & Cafe franchisee; (v) refrain from using in advertising marketing, promotion or in any manner, any methods, procedures or techniques associated with the System; (vi) cancel any assumed name that contains Hair Saloon & Café, within fifteen (15) days; (vii) de-identify the Franchised Business. (At our request we are permitted, as provided by the Franchise Agreement, to enter the premises at any time to make required changes at your risk and expense without liability of trespass); (viii) cease using and return to us the following: the Manual, training materials, proprietary software, database material, customer lists, records, files, instructions, forms, Advertising Materials, Social Media Materials and related items which bear the Marks, all trade secrets and confidential materials, and any copies, equipment and other property owned by us or our affiliates; (ix) notify the telephone company, telephone directories, Internet and website listing services and directories, websites, URLs, domain name registers, email

		hosts or providers and Social Media Platforms of the termination or expiration of your right to use them; (x) allow us to utilize the Assignment of Telephone and Listings and Advertisements attached to the Franchise Agreement as Exhibit 8; (xi) transfer to us all telephone numbers, website addresses, URLs, domain names, email addresses, Social Media Platform accounts and other similar listings; (xii) take all actions necessary to effectuate the forwarding of all calls and Internet and website searches to telephone number(s), website(s) and URLs we designate; (xiii) transfer to us all customer lists and any customer data in whatever form, maintained by you; (xiv) comply with the Confidentiality, Non-Use and Non-Competition Agreement and all other post-term covenants; (xv) permit us to enforce our rights as a secured party, if applicable; and (xvi) provide us with evidence of your compliance with your post-termination obligations.
j. Assignment of contract by us	Section XV.A.	We may transfer our rights without restriction.
k. "Transfer" by you - defined	Sections XV.B. and XV.C.	Includes the sale, assignment, gift, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Franchised Business or you (if the Franchisee is a business entity).
l. Franchisor approval of transfer by franchisee.	Section XV.B.	We must consent and you must meet conditions before transferring.
m. Conditions for our approval of transfer by you	Section XV.B.	Conditions include: (i) notifying us of the proposed transfer and providing us with the terms of the proposed transfer; (ii) transferee must possess sufficient business experience and financial resources to operate the Franchised Business; (iii) payment of all debts and obligations to us, our affiliates and third-party vendors and curing any breach of the Franchise Agreement or any other agreement between you and us or our affiliates; (iv) you must have satisfied all obligations under the Franchise Agreement or any other agreement between you and us, our affiliates, any Supplier and any lenders who provide you with financing pursuant to an arrangement with us, our affiliates or our Suppliers; (v) transferee must not have an ownership interest in a competing business; (vi) transferee must attend our then-current training course at the then-current training rate; (vii) your landlord consents to the assignment or sublease of the Franchised Business location to transferee; (viii) transferee must enter then-current franchise agreement, pay our then-current initial franchise fee and comply in all respects with all of our requirements; (ix) transferee must upgrade the Franchised Business location to our then-current standards; (x) transferee agrees that Franchisor is not responsible for any representations not included in disclosure document; (xi) you must pay

		the transfer fees indicated in Item 6; (xii) execution of a general release, as required by us; (xiii) we determine that the terms of the purchase will not adversely affect the operation of the Franchised Business; (xiv) if transferee finances the purchase, transferee agrees that its financing obligations are subordinate to any amounts due according to the Franchise Agreement; (xv) you will not identify yourself as a Hair by Danyelli Laurette Saloon & Cafe franchisee; (xvi) you must comply with all other applicable transfer requirements designated in the Manual or otherwise in writing; (xvii) we determine that the terms of the transfer are substantially the same as those offered to us pursuant to our right of first refusal; (xviii) transferee must sign any personal guarantees required; and (xix) transferee must pass credit and criminal background check.
n. Our right of first refusal to acquire your business	Section XV.D.	On 30 days written notice, we have the option to purchase an interest being transferred on the same terms and conditions offered by a third party.
o. Our option to purchase your business	Sections XIX.A(8) and (9) and XIX.B.	Other than assets on termination, nonrenewal or right of first refusal, we have no right or obligation to purchase your business.

p. Your death or disability	Section XV.E.	On death or permanent disability of you or an Owner the person's interest must be transferred to someone we approve within 6 months.
q. Non-competition covenants during the term of the franchise	Section XI.C.(1)	You may not operate or have an interest in a business which is similar to the Franchised Business and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.
r. Non-competition covenants after the franchise is terminated or expires	Sections XI.C.(2)	Covenants include that you and your Owners are prohibited for two (2) years from the latter of the termination or expiration of the Franchise Agreement; transfer of the Franchised Business; or the date of any final, non-appealable order enforcing these covenants from operating or having an interest in a competing business located or operating (i) from the location of your Hair Saloon & Café, within the Territory and within ten (10) miles of the outer boundaries of the Territory; (ii) within the territory and within ten (10) miles of the location and/or the outer boundaries of the territory of any other Hair by Danyelli Laurette Saloon & Cafe owned, in operation, under development or to be developed as of the date of your Franchise Agreement; (iii) within the territory and within ten (10) miles of the location and/or the outer boundaries of the territory of any other Hair by Danyelli Laurette Saloon & Cafe owned, in operation, under development or to be developed as of the date of termination or expiration of the Franchise Agreement or the transfer of your Franchised Business; or (iv) within the territory and within ten (10) miles of the location and/or the outer boundaries of the territory of any other Hair by Danyelli Laurette Saloon & Cafe owned, in operation, under development or to be developed as of the date of any final non-appealable judgment or order of any court, arbitrator, panel or arbitrator or tribunal that enforces the non-competition, non-use.
s. Modification of the agreement	Sections XI.A. and XX.O.	You must comply with the Manual as amended from time to time. The Franchise Agreement may not be modified unless mutually agreed to in writing, except to the extent that we may reduce the scope of covenants as provided by the Franchise Agreement.

t. Integration/merger clause	Section XX.Z.	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law and FTC regulations). No other representations or promises will be binding unless mutually agreed to. However, nothing in the Franchise Agreement or in any related agreement is intended to disclaim the Franchisor's representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Sections XX.F and XX.G.	Except for certain claims brought by us, all disputes must be submitted to arbitration in New York, New York, subject to state law.
v. Choice of forum	Sections XX.F. and XX.G.	Arbitration must be at the American Arbitration Association located in New York, New York. We may initiate certain litigation in a court of competent jurisdiction, which is either a New York state court in New York, New York or in the United States District Court for the Southern District of New York in New York, New York. See the State Addenda attached as Exhibit E for more information. All depositions in connection with any litigation between the parties will be held in the jurisdiction and venue indicated above. Choice of forum may be subject to applicable state law.
w. Choice of law	Section XX.H.	Subject to applicable state law, the laws of the State of New York govern the Franchise Agreement. However, if the Franchised Business is located outside of New York and a provision of the Franchise Agreement is not enforceable under the laws of New York but is enforceable under the laws of the state in which the Franchised Business is located, then that provision (and only that provision) will be interpreted and construed under the laws of the state where the Franchised Business is located.

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our System.

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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. However, if you are purchasing an existing outlet 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 Danielle Settembre, 500 Pondside Drive, Unit 3B, White Plains, New York 10607, (914) 881-1233, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company-Owned	2023	1	1	0
	2024	1	1	0
	2025	1	1	0
Total Outlets	2023	1	1	0
	2024	1	1	0
	2025	1	1	0

Table No. 2
Transfers of Outlets From Franchises to New Owners
(Other than the Franchisor)
For Years 2023 to 2025

State(s)	Year	Number of Transfers
Total	2023	0
	2024	0
	2025	0

Table No. 3
Status of Franchised Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Total	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
For Years 2023 to 2025

State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisees**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
New York	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Total	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1

Table No. 5
Projected Openings as of December 31, 2025

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in Fiscal Year 2026	Projected New Company-Owned Outlets in Fiscal Year 2026
New York	0	1	0
Total	0	1	0

A list of all the names of all franchisees and the addresses and telephone numbers of their Franchised Businesses as well as a list of all the names, last known addresses and telephone numbers of every franchisee who has had a franchise agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the franchise agreement in our most recent fiscal year or who have not communicated with us within 10 weeks before the date of this Disclosure Document is attached to this Disclosure Document as Exhibit E. If you buy this Franchised Business, your contact information may be disclosed to other buyers when you leave this System.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We do not know of a trademark-specific franchisee organization associated with the System that is required or has been asked to be disclosed in this disclosure document.

ITEM 21 FINANCIAL

STATEMENTS

The Franchisor has not been in business for three (3) or more years and cannot provide all the financial statements and information required under the FTC's Franchise Rule. Therefore, attached to this Disclosure Document as Exhibit D is the Franchisor's audited financial statements as of December 31, 2025.

Our fiscal year end is December 31st.

ITEM 22

CONTRACTS

The following agreements are attached to this disclosure document: (1) Franchise Agreement; (2) Owner's Guaranty; (3) Confidentiality, Non-Use and Non-Competition Agreement; (4) Confidentiality, Non-Use and Non-Competition Agreement Form Territory Attachment; (5) Designated Area, Franchise Location, Protected Area, and Opening Date; (6) Ownership Information; (7) EFT Authorization; (8) Collateral Assignment and Assumption of Lease; (9) Assignment of Telephone and Internet Listings and Advertisements; and (10) State Amendments.

ITEM 23

RECEIPTS

See Exhibit H attached.

EXHIBIT A
AGENTS FOR SERVICE OF PROCESS/STATE ADMINISTRATORS

CALIFORNIA Department of Business Oversight Suite 750 320 West 4th Street Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677 Agent: Commissioner of Business Oversight	MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020
HAWAII Securities Examiner 1010 Richards Street Honolulu, Hawaii 96813 (808) 586-2744 Agent: Director of Hawaii Department of Commerce and Consumer Affairs	MICHIGAN Overnight mail: Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 6th Fl Lansing, Michigan 48933 (517) 373-7117 Regular mail: Attorney General's Office Consumer Protection Division Attn: Franchise Section P.O. Box 30213 Lansing, Michigan 48909 Agent: Michigan Department of Commerce Corporations and Securities Bureau
ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General	MINNESOTA Minnesota Department of Commerce 85 7th Place East Suite 500 St. Paul, Minnesota 55101 (612) 296-4026 Agent: Minnesota Commissioner of Commerce

INDIANA Franchise Section Indiana Securities Division Secretary of State Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State	NEBRASKA Nebraska Department of Banking and Finance 1200 N Street P.O. Box 95006 Lincoln, Nebraska 68509-5006 (402) 471-3445
NEW YORK Office of the New York State Attorney General Investor Protection Bureau Franchise Section 28 Liberty Street New York, NY 10005 (212) 416-8222 Phone (212) 416-6042 Fax Agent for Service: Attention: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	SOUTH DAKOTA Division of Securities c/o 445 E. Capitol Ave. Pierre, South Dakota 57501 (605) 773-4823 Agent: Director of South Dakota Division Securities
NORTH DAKOTA Office of Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor, Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 Agent: North Dakota Securities Commissioner	TEXAS Secretary of State P.O. Box 12887 Austin, Texas 78711

OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
RHODE ISLAND Division of Securities Suite 232 233 Richmond Street Providence, Rhode Island 02903 (401) 222-3048 Agent: Director of Rhode Island Department of Business Regulation	WASHINGTON Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760 Agent: Administrator of Securities Department of Financial Institutions 150 Israel Road SW Tumwater, Washington 98501
WISCONSIN Administrator Securities Division Department of Financial Institutions P.O. Box 1768 Madison, Wisconsin 53701 (608) 266-8559 Agent: Wisconsin Commissioner of Securities	CONNECTICUT State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230 Agent: Banking Commissioner

EXHIBIT B

FRANCHISE AGREEMENT

DLS HSC GLOBAL INC.

FRANCHISE AGREEMENT

SUMMARY PAGE		
1.	**Franchisee**	_____
2.	**Initial Franchise Fee**	_____
3.	**Development Area**	_____
4.	**Business Location**	_____
5.	**Opening Deadline**	[# days after Effective Date]
6.	**Principal Agent**	_____
7.	**Franchisee's Address**	_____

Agreement Number: _____

_____
Date of Agreement

DLS HSC Global Inc.

FRANCHISE AGREEMENT

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EXHIBITS

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Exhibit 2B	Confidentiality, Non-Use and Non-Competition Agreement Form
Exhibit 3	Designated Area, Franchise Location, Protected Area, and Opening Date
Exhibit 4	Ownership Information
Exhibit 5	Electronic Funds Transfer Authorization
Exhibit 6	Collateral Assignment and Assumption of Lease Agreement
Exhibit 7	Assignment of Telephone Numbers
Exhibit 8	State-Specific Addenda

HAIL SALOON FRANCHISING LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into this _____ day of _____, 20__ (the "Effective Date"), by and between The DLS HSC Global Inc., a New York limited liability company ("Franchisor," "we," "us," or "our") and _____ ("Franchisee," "you," or "your").

RECITALS

We have the right to use and license the use of a business system (the "System," as further defined below) for the establishment and operation of a business that offers haircutting, styling, and related salon services, as well as hair care and styling products, featuring a specialized menu and alcoholic beverages (each, a "Hair by Danyelli Laurette Saloon & Cafe Franchised Business").

Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses operate under the System and are identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the "Marks," as further defined below).

You wish to obtain a franchise to establish and operate a Hair by Danyelli Laurette Saloon & Cafe Franchised Business using the Marks and the System at the Franchise Location (defined below) specified in Exhibit 3 to this Agreement.

We are willing to grant you a franchise to do so upon the terms and conditions set forth in this Agreement in reliance on your application and your representations made in the application and in this Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, you and we agree as follows:

I. DEFINITIONS

"Advertising Fund" or "Fund" means the advertising fund described in Section IX.C. of this Agreement.

"Affiliate" or "Affiliates" of a named person means any person or entity that is controlled by, controlling or under common control with the named person.

"Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

"Assistant Managers" means the assistant managers employed by you to assist in operating your Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

"Business Day" means each day other than a Saturday, Sunday, U.S. holidays or any other day on which the Federal Reserve is not open for business in the United States.

"Computer System" means the computer hardware and software (including, without limitation, back office software and point of sale software meeting our specifications from our required or approved vendor or other manufacturer approved in writing by us) and point-of-sale terminals that we may designate from time to time for use in the operation of Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

"Confidential Information" means all proprietary and confidential information relating to the establishment and operation of Hair by Danyelli Laurette Saloon & Cafe Franchised Business, including, without limitation: (i) our standards and specifications, including equipment, product, and supplier standards and specifications; (ii) site selection criteria; (iii) techniques and any other processes, procedures and techniques used in operating a Hair by Danyelli Laurette Saloon & Cafe Franchised Business; (iv) advertising and marketing plans and programs; (v) research, development and test programs for products, services and operations; (vi) the contents of our Manuals; (vii) knowledge of the operating and financial results of Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses, other than your Hair by Danyelli Laurette Saloon & Cafe Franchised Business; (viii) computer programs and systems, including electronic data files and passwords, and (ix) Improvements (as defined in Section XI.D.).

"Cooperative" means an advertising cooperative, as described in Section IX.B. of this Agreement.

"Control" or "Controlling Interest" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"Designated Area" means the non-exclusive geographic area described in Exhibit 3 to this Agreement within which you will locate a site for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

"Hair by Danyelli Laurette Saloon & Cafe Franchised Business" means the Hair by Danyelli Laurette Saloon & Cafe franchise or business operated by you at the Franchise Location pursuant to this Agreement, including all assets used in connection with its operation.

"Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances, war, acts of terrorism, riot, epidemic, fire or other catastrophe or other forces beyond a party's control.

"Franchise Location" means the address of the premises, located by you and accepted by us, at which the Hair by Danyelli Laurette Saloon & Cafe Franchised Business is located, as listed in Exhibit 3 to this Agreement.

"General Manager" means any person designated pursuant to Section VII.E.(2) of this Agreement to manage the day-to-day on-site operations of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business to be operated under this Agreement.

"Gross Revenues" are defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. Gross Revenues are not reduced by the amount of any discounts to employees, family members or other restaurants owned or controlled by Franchisee. However, the definition of Gross Revenues does not include (i) sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities; or (ii) tips or gratuities paid directly to your employees by customers of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business or paid to you and turned over

by you to your employees in lieu of direct tips or gratuities.

"Gross Revenues Report" means the report, in the form we require, due on the same day as the corresponding royalty payments during the term of this Agreement, itemizing the Gross Revenues of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business for the applicable royalty period (currently weekly, however, Franchisor reserves the right to change this to monthly upon providing thirty (30) days' prior written notice to Franchisee).

"Manual" or "Manuals" means our confidential operations manual, which may consist of one or more manuals, containing our mandatory and suggested standards, specifications and operating procedures relating to the development and operation of Hair by Danyelli Laurette Saloon & Cafe Franchised Business and your obligations under this Agreement. The term also includes alternative or supplemental means of communicating information to you, including bulletins, videotapes, audio tapes, compact discs, computer diskettes, CD ROMs and electronic communications.

"Marks" means the trade names, trademarks, service marks, logos, emblems and other indicia of origin that we have designated, and may hereafter designate, in writing for use in connection with the System, including, but not limited to, the mark "Hair by Danyelli Laurette Saloon & Cafe Franchised Business."

"Opening Date" means the date the Hair by Danyelli Laurette Saloon & Cafe Franchised Business first opens for business to the public.

"Owners" mean those persons and entities which, collectively and individually, hold an ownership interest in you and in any entity directly or indirectly controlling you.

"Principal Owner" means the Owner designated by you and approved by us as meeting our qualifications who is responsible for overseeing the day-to-day operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

"Protected Area" means the geographic area assigned to you upon your acquisition of the Franchise Location and described on Exhibit 3, within which you will be afforded the protections described in Section II. B. of this Agreement.

"Software Programs" means the proprietary or other software programs we develop or acquire for use by Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

"System" means our comprehensive methods and procedures for the establishment, management and operation of Hair by Danyelli Laurette Saloon & Cafe Franchised Business, including the Confidential Information, our Manuals, the Marks and other business standards and policies, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; special processes or techniques we have developed; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify from time to time.

"Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the franchised business, the payment of monies, or the

exercise of rights granted pursuant to this Agreement, except taxes imposed by federal tax authorities on our net income.

II. GRANT

A. Grant of Rights. We hereby grant you the right, and you accept the obligation, to establish and operate a Hair by Danyelli Laurette Saloon & Cafe Franchised Business under the Marks and the System in accordance with this Agreement at the Franchise Location. This Agreement only grants you the right to operate the Hair by Danyelli Laurette Saloon & Cafe Franchised Business at the Franchise Location in accordance with this Agreement and our standards. You are not authorized to offer any of the products and services offered by Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses at wholesale.

B. Protected Area. Your Protected Area will be described in Exhibit 3. Except as provided in Section II.C. and subject to your full compliance with this Agreement and any other agreement between you or your Affiliates and us or our Affiliates, neither we nor any of our Affiliates will establish, or authorize any person or entity other than you to establish, a Hair by Danyelli Laurette Saloon & Cafe Franchised Business in the Protected Area during the term of this Agreement.

C. Reserved Rights. The rights granted to you under this Agreement are nonexclusive, and we and our Affiliates have and retain all rights within and outside the Protected Area except those expressly granted to you. Accordingly, we, our Affiliates, and any other authorized person or entity will have the right, among others, (i) to operate, and license others to operate, Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses at any location outside the Protected Area, including locations that are adjacent to or surrounded by the Protected Area; (ii) within and outside the Protected Area to develop and establish other business systems (including systems that distribute products or services similar to those offered at Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses) using other names or marks and to grant licenses to use those systems; (iii) to advertise and promote the System in the Protected Area; (iv) to acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Protected Area; and (v) except for the restriction in Section II.B. against the establishment of another Hair by Danyelli Laurette Saloon & Cafe Franchised Business in the Protected Area, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all similar or dissimilar services and products, under the Marks or under other names or marks, within and outside the Protected Area, through any other method of distribution, including, but not limited to, mail order catalogs and the internet, regardless of the competitive impact on the Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

III. SITE SELECTION, CONSTRUCTION, GRAND OPENING OBLIGATIONS, AND OPENING DATE

A. Site Selection and Acquisition. You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Hair by Danyelli Laurette Saloon & Cafe Franchised Business within the Designated Area. You acknowledge and agree that you acquire no rights in and to the Designated Area, other than the right to select a site for the Hair by Danyelli Laurette Saloon & Cafe Franchised Business from within its boundaries. Following your selection and our acceptance of a site for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business, the Franchise Location will be identified in Exhibit 3 to this Agreement and the Designated Area will be of no further force or effect.

(1) To assist you in your selection of a site for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business, we will provide to you: (i) our written site selection guidelines and such site selection assistance as we deem advisable; (ii) information from our site evaluation software about any sites you propose to us; and (iii) such other on-site evaluation or information as we may deem appropriate and necessary; provided, that we will not provide an on-site evaluation or information for any proposed site before

receiving all required information and materials required pursuant to Section III.A(2) below and, in our discretion, before receiving such information for multiple proposed sites.

(2) Before acquiring a site for the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, you must submit to us, in the form specified by us, a description of the site, evidence satisfactory to us demonstrating that the site satisfies our site selection guidelines, and such other information and materials as we may reasonably require, including, but not limited to, a final, complete copy of the lease (which must incorporate the Collateral Assignment and Assumption of Lease Agreement attached hereto as Exhibit 6) or contract of sale for the site for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business. Such lease or contract for sale may not be signed by you unless it includes the Collateral Assignment and Assumption of Lease Agreement, attached hereto as Exhibit 6 and is submitted to, and approved by, us in advance.

(3) We shall have fifteen (15) days after receiving all required site information to accept or reject, in our reasonable discretion, the proposed site as the location for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business. No site may be used for a Hair by Danyelli Laurette Saloon & Cafe Franchised Business unless it is first accepted in writing by us, and you shall not make any binding commitment with respect to a site for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business unless the site is first accepted in writing by us. If we accept multiple sites for the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, you shall notify us in writing within five (5) days of the date of such acceptance of the site that you intend to acquire for the Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

(4) Promptly following our acceptance of the site for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business, you shall acquire the site by purchase or lease, at your expense. You agree to furnish to us a copy of the executed lease or contract of sale within ten (10) days after execution.

(5) After we accept the site and you acquire the site pursuant to this Agreement, the address of the site shall be entered on Exhibit 3 to this Agreement as the Franchise Location and the Protected Area around the Franchise Location will be described on Exhibit 3.

(6) If you are not able to locate a site that is approved by us within 90 days after signing this Agreement then you will be in default, and we may, at our option, terminate this Agreement.

B. Franchise Location; Relocation. You have been granted the right to operate a Hair by Danyelli Laurette Saloon & Cafe Franchised Business at the Franchise Location listed in Exhibit 3 to this Agreement. You must not relocate the Hair by Danyelli Laurette Saloon & Cafe Franchised Business without our express prior written consent. If you are unable to continue the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business at the Franchise Location because of the occurrence of an event of Force Majeure resulting in the loss or destruction of the premises for your Franchise Location, you may request our consent to relocate the Hair by Danyelli Laurette Saloon & Cafe Franchised Business to another location in the Protected Area. Such request must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business at the Franchise Location. If we grant you the right to relocate the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, you must comply with such reasonable site selection and construction procedures as we may require. We will allow relocation of your Franchise if the newly proposed site meets the requirements we impose on other new Location franchises, and unless you are in default of your Franchise Agreement or the proposed site adversely impacts an existing or proposed Location franchise.

C. Licenses; Permits. You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the construction and operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business at the Franchise Location, and you must conform the premises as needed to comply with any local ordinances and

building codes at your expense. Before beginning construction of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, you must (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, and (ii) certify in writing to us that they have been obtained and that the insurance coverage specified in Section XIII. of this Agreement is in full force and effect. At our request, you agree to provide to us copies of all such approvals, clearances, permits, licenses and certifications.

You are required to offer alcoholic beverages at your Location. As such, you need to comply with all applicable laws and obtain any and all necessary permits prior to doing so, as well as comply with brand guidelines as listed in the Manual(s). If you wish to offer alcoholic beverages for sale at your location you must first obtain approval from us, then you must obtain and maintain a beer and wine, or liquor license, prior to receiving revenue for any alcohol sales, and obtain any and all necessary permits. The difficulty and cost of obtaining licenses to offer and sell beer, wine, liquor or other alcoholic beverages vary greatly from jurisdiction to jurisdiction. There is also a wide variance in state and local laws and regulations governing the sale of alcoholic beverages across the country. Government rules and regulations impact terms and conditions of payment, taxes, advertising, pricing, product labeling, age of consumer, hours of operations, relationships among vendors, product producers, wholesalers, retailers, shipping practices, and limitations on sharing all the same among multi-unit ownership. In addition state laws and regulations give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol. It is your sole responsibility to research and comply with all rules and regulations relating to the sale of alcoholic beverages. For more detailed information as to how these laws affect your business, you should contact the state or local liquor licensing board in your state, as well as the appropriate municipal authorities in the city where you will operate, and consult with your advisors concerning these and other local laws and ordinances that may affect your Saloon. You should consider both their effect on your Franchised Business and the cost of compliance.

D. Construction and Finish Out. You must obtain, at your expense, all architectural, engineering, design, construction and other services necessary for the construction of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, and unless otherwise agreed by us in writing, you must retain the architecture and design firm designated by us to prepare the initial plans and drawings for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business. In addition to using our designated architecture and design firm, any other architect(s) and engineer(s) that you may select to assist with the planning and oversight of construction of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business must be approved by us before beginning their work on the Hair by Danyelli Laurette Saloon & Cafe Franchised Business. We may, but are not obligated to, provide to you a list of approved architect(s) and engineer(s).

(1) If you wish to make any adjustments to the initial architectural and design plans and specifications for the Laurette Saloon & Spa Franchised Business, which will be created by the architecture and design firm designated by us, you must submit the revised plans to us for review within fifteen (15) days after you receive the initial plans. We will notify you of any objections to the revised plans within fifteen (15) days of receiving them. If we fail to notify you of an objection to the plans within the fifteen (15) day period, you may use the plans. If we object to the plans, we will provide you with a reasonably detailed list of the changes needed to make the plans consistent with System standards. We will notify you within fifteen (15) days of receiving revised plans incorporating such changes, whether the revised plans are acceptable. If we fail to notify you of any objection within such fifteen (15) day period, you may use the revised plans. You acknowledge that our review of the plans is only for the purpose of determining compliance with System standards, and that our acceptance of the plans does not constitute a representation, warranty, or guarantee, express or implied, that the plans are accurate or free of error concerning their structural application. We are not responsible for architecture or engineering, or for code, zoning, or other requirements of the laws, ordinances or regulations of any federal, state, local, or municipal governmental body, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor are we responsible for any errors, omissions, or discrepancies of any nature in the plans.

(2) You must promptly commence and diligently pursue construction of the Hair by

Danyelli Laurette Saloon & Cafe Franchised Business. During construction, you agree to provide us with such periodic progress reports as we may reasonably request. In addition, we will make such on-site inspections as we may deem reasonably necessary to evaluate your progress. You agree to notify us of the scheduled date for completion of construction no later than forty-five (45) days prior to such date. Within a reasonable time after the date construction is completed, we will, at our option, conduct an inspection of the completed Hair by Danyelli Laurette Saloon & Cafe Franchised Business. You must not open the Hair by Danyelli Laurette Saloon & Cafe Franchised Business for business without our written authorization, which will be conditioned upon your strict compliance with this Agreement.

(3) We reserve the right to conduct on-site inspections during the construction of your hair salon as we deem appropriate. We may require you to pay us (or reimburse us for the cost of our selected (including our architects)), for our out-of-pocket expenses that we incur in conducting such on-site inspections, including costs of transportation, lodging, and meals. We estimate that construction visit payments to us could range from $750 to $1,500 per visit. These fees are non-refundable. We may also require you to use our internal project management resources or a designated third-party project management company, if applicable. We anticipate costs to engage a third-party project management company could range from $10,000 to $15,000. If we require you to use our internal project management resources, we may charge you for such resources and anticipate those costs could range from $5,000 to $10,000.

E. Sale of Memberships.

(1) No memberships may be sold to the general public prior to opening the Franchised Business unless:

a. we have authorized you to sell memberships to the public;

b. you (or your managing owner) and the Franchised Business' proposed manager have completed to our satisfaction the pre-opening training described in the franchise agreement; and

c. you have secured all financing and permits necessary to develop, build and fully equip the Franchised Business.

(2) You must commence selling membership prior to opening your Franchised Business. All membership activities must comply with the standards and specifications described in the Manuals or otherwise in writing by us.

(3) You must also comply with and certify to us that you have obtained all necessary bonds and otherwise have complied, and will comply, with all applicable laws relating to your pre-sale of memberships. If you fail to do so, in addition to our other rights and remedies, you will not be authorized to begin offering or selling memberships for the Saloon.

(4) You alone are responsible for ensuring that your membership agreements comply with all applicable laws and other legal requirements, including, without limitation, laws pertaining to bonding and escrow requirements. You will be liable to the applicable legal authorities if you fail to do so.

F. Requirements for Opening.

On or before the Opening Date, you must open your Saloon for business utilizing the Systems; provided, however, you may not open the Saloon for business until:

(1) We have inspected and approved the Saloon as having been developed in accordance

with our specifications and standards. As an alternative, or in addition, to our physical inspection of the Saloon, we may require you to send us video and/or photographs of the Saloon.

(2) You must give us at least 30 days' prior written notice of your Saloon planned opening date and must notify us in writing when the Saloon is ready for inspection. If we do not inspect the Saloon within ten (10) business days after your delivery of notice that the Saloon is ready for inspection, or if we do not deliver written comments to you within five (5) business days after our inspection, then the Saloon is deemed approved for opening. Our inspection and approval are limited to ensuring your compliance with our standards and specifications, although our approval is not a representation that the Saloon complies with our standards and specifications or a waiver of our right to enforce any provision of this Agreement. Our inspection and approval are not designed to assess compliance with federal, state or local laws or regulations, including the ADA, as compliance with such laws is your responsibility. We will not unreasonably withhold our approval of your Saloon;

(3) You (or your managing owner) and the Saloon manager have completed the pre-opening training.

(4) You have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your Saloon, including, without limitation, by ensuring that your planned membership offerings following the Saloon's opening and your forms of membership agreement comply with applicable law;

(5) All amounts due to us have been paid;

(6) We have received satisfactory evidence that you maintain the insurance required by this Agreement;

(7) You have signed and delivered to us a request for opening, in the form we specify, under which, among other things, you certify that all of the requirements in have been satisfied.

(8) We will work with you to identify the Saloon's Actual Opening Date at least 15 days before the Actual Opening Date. If you fail to do so, or if you fail to send us a completed request for opening form before you open the Saloon, then, in addition to our other rights and remedies, you will not be authorized to open or begin operating the Saloon.

G. Grand Opening Program

You agree to conduct a grand opening advertising and promotional program for the Saloon and to spend $15,000 to $20,000, as determined by our standards. The grand opening program must be conducted during the period that is 30 days before and 30 days following the opening of your Saloon to the public (or such other period as may be prescribed by us in the Operations Manual). Such advertising and promotion will utilize the marketing and public relations programs and media and advertising materials we have developed or approved, including, without limitation, a variety of meetings with potential members and participation in local events to promote your Saloon.

IV. TERM AND RENEWAL

A. Term. Unless sooner terminated as provided in this Agreement, the term of this Agreement will begin on the Effective Date and will continue until ten (10) years from the Opening Date.

B. Renewal. You may, at your option, renew your rights under this Agreement for one (1) additional term of ten (10) years, subject to any or all of the following conditions which must, at our option, be met prior to and at the time of renewal:

(1) You must give us written notice of your election to renew not less than six (6) months nor more than nine (9) months before the end of the initial term;

(2) You must refurbish, repair or replace, at your expense, all equipment, Computer Systems, signs, interior and exterior decor items, fixtures, furnishings, supplies and other items required for the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business as we may reasonably require and must otherwise upgrade the Hair by Danyelli Laurette Saloon & Cafe Franchised Business to reflect the then-current standards and image of the System, provided that you will not be required to spend more than $50,000 under this Section IV.B(2);

(3) You must not be in default of this Agreement, neither you nor your Affiliates may be in default of any other agreement with us or any of our Affiliates; and you and your Affiliates shall have substantially and timely complied with the terms and conditions of such agreements during their respective terms;

(4) You must have timely satisfied all monetary obligations owed to us and our Affiliates under this Agreement and any other agreement between you or any of your Affiliates and us or any of our Affiliates;

(5) You must present evidence satisfactory to us that you have the right to remain in possession of the Franchise Location during the entire renewal term or obtain our consent to a new site for the Hair by Danyelli Laurette Saloon & Cafe Franchised Business;

(6) You must execute our then-current form of renewal franchise agreement, which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, except that the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees;

(7) You and your Owners must execute a general release of any and all claims against us, our Affiliates, and our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders;

(8) You must pay us a renewal fee in an amount equal to the greater of 25% of the then-current initial franchise fee or $12,500; and

(9) You must comply with our then-current qualification and training requirements.

V. FEES

A. Initial Franchise Fee. You agree to pay us an initial franchise fee of anywhere between $35,000 and $50,000 for a Hair by Danyelli Laurette Saloon & Cafe Franchised Business that provides hair and facial services, or anywhere between $55,000 and $75,000 for a Hair by Danyelli Laurette Saloon & Cafe Franchised Business that provided hair, nails, facial, and massage services upon the execution of this Agreement. The initial franchise fee shall be deemed fully earned and nonrefundable upon receipt by us.

B. Royalty Fee. During the term of this Agreement, you agree to pay to us a continuing periodic royalty fee in an amount equal to six percent (6%) of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business 'Gross Revenues for the immediately preceding royalty period (currently the period is weekly, Monday to Sunday, however, this may be changed to monthly upon providing written notice to you). You must pay the royalty fee via electronic funds transfer, or any other means we reasonably specify. The royalty fee will be due each Monday, for the immediately preceding royalty period, unless we notify you that it will be

collected on a monthly basis. 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.

C. Monthly Technology Fee. Within 180 days after you execute this Agreement, and on or before the 1st day of each month thereafter, throughout the term of this Agreement you must pay us a monthly software and technology licensing and support fee ("Technology Fee"). The Technology Fee is currently $300 per month. We may, in our sole discretion, increase the amount of the Technology Fee up to $1,000 per month upon 30 days' prior written notice to you.

D. Franchisee Advertising Fund. During the term of this Agreement, you agree to pay to us a continuing periodic advertising fee in an amount equal to two percent (2%) of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business' Gross Revenues for the immediately preceding period (currently the period is weekly, Monday to Sunday, however, this may be changed to monthly upon providing written notice to you). You must pay the advertising fee via electronic funds transfer, or any other means we reasonably specify. The advertising fee will be due each Monday, for the immediately preceding weekly period during the term of this Agreement. If the date on which an advertising payment would otherwise be due is not a Business Day, then payment shall be due on the next Business Day.

E. Local Marketing Expenditure. During the term of this Agreement, you agree to spend at least $1,500 per month on local advertising. Local Advertising expenditures, is based upon an monthly plan submitted to Franchisor for approval and will not necessarily have a mandated expenditure per each month of the year. Upon request, Franchisee must submit an itemized report documenting proof of expenditures to Franchisor, in a form Franchisor may, in its sole discretion, require. All marketing will be conducted as set forth in the Confidential Operating Manual and in an approved annual marketing plan. Costs and expenditures Franchisee incurs for any of the following are excluded from Franchisee's required Local Advertising:

F. Site Evaluation Fee. Upon signing this Agreement, you agree to pay us a Site Evaluation Fee of anywhere between $800 and $1,500 for a Hair by Danyelli Laurette Saloon & Cafe Franchised Business. This amount is payable in one lump sum payment, is considered fully earned and non- refundable upon receipt. The Site Evaluation Fee is to cover our cost in assisting you with evaluating potential sites for your Franchised Business. A separate Site Evaluation Fee is due for each Hair by Danyelli Laurette Saloon & Cafe Franchised Business you open.

G. Other Fees and Payments. In addition to the initial franchise fee and periodic royalty payments, you must pay when due all other fees or amounts described in this Agreement and in any other agreement between you and us or our Affiliates.

H. Cross-Saloon Purchases. If a member who originated at your Saloon redeems their membership credits at another Hair by Danyelli Laurette Saloon & Cafe Franchised Business you will retain 15% of the value of those membership credits and pay, through automatic debit on a weekly basis, 85% of the value of those membership credits to the Hair by Danyelli Laurette Saloon & Cafe Franchised Business that performed the services for your member.

I. Past Due Amounts; Acceptance and Application of Payments.

(1) Any payment not actually received by us on or before the applicable due date will be deemed past due. All past due obligations under this Agreement will bear interest from the date due until paid at the lesser of eighteen percent (18%) per annum, or the maximum rate allowed by applicable law. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment to reduce any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party making the payment. You also agree

to pay us a late payment fee equal to $100 for each delinquent payment under this Agreement.

(2) Our acceptance of any payments delivered subsequent to the applicable due date shall not be deemed to be a waiver by us of any preceding breach by you or your Owners of any terms, provisions, covenants or conditions of this Agreement.

(3) We have the right to apply any payment we receive from you to any amounts you owe us or our Affiliates under this Agreement or any other agreement, even if you have designated the payment for another purpose or account. We may accept any check or payment in any amount from you without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be considered as an accord or satisfaction.

(4) You have no right to withhold any payments due to us on account of our breach or alleged breach of this Agreement, and no right to offset any amount due to us against any obligation that we may owe to you.

(5) Each payment to be made to us shall be made free and clear and without deduction for any Taxes.

J. Electronic Funds Transfer. You agree to execute Exhibit 5 to this Agreement and all other documents necessary to permit us to withdraw funds from your designated bank account by electronic funds transfer ("EFT") in the amount of the royalty fee, the Advertising Fund contribution (described in Section IX.C.), and any other amounts due under this Agreement at the time such amounts become due and payable under the terms of this Agreement. Any fee calculated by reference to Gross Revenues will be based on the information we obtain pursuant to Section XII.C. of this Agreement or the Gross Revenues Report. If we have not received a Gross Revenues Report within the time period required by this Agreement, then we may process an EFT for the applicable royalty period based on the most recent Gross Revenues Report provided to us by you; provided, that if a Gross Revenues Report for the applicable royalty period is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then we will be entitled to withdraw additional funds through EFT from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then we will credit the excess amount to the payment of your future obligations. Should your bank fail to honor any EFT for any reason, you agree that you will be responsible for promptly delivering such payment directly to us and reimbursing us for any service charge or other costs or expenses we incur. If any payments are not received when due, interest may be charged in accordance with Section V.F. Upon written notice to you, we may designate another method of payment.

K. Discretionary Alcohol Service Fee. If you offer and sell alcohol from the Franchised Business, Franchisee shall pay Franchisor an alcohol service fee equal to six percent (6%) of Franchisee's revenues generated from alcohol sales. If Franchisor is prohibited by law from charging Franchisee a fee equal to a percentage of revenues from beer and wine sales, Franchisee shall pay Franchisor a flat fee to be mutually agreed upon by Franchisor and Franchisee prior to Franchisee obtaining the right to sell beer and wine. The beer and wine service fee shall also be payable weekly.

VI. OUR OBLIGATIONS

We agree to provide (or have our designee provide) the following services or cause them to be provided to you:

A. Manuals. Access to or the loan of one (1) set of the Manuals (in electronic format only), which we may amend from time to time upon written notice to you.

B. Training. An initial training program for your Principal Owner and General Manager (and

Assistant Managers, if applicable), and additional training programs in accordance with Section VIII.A. Upon your reasonable request or if we determine it to be necessary during the term of this Agreement, on-site remedial training; provided, that remedial training will be conducted subject to the availability of our personnel, and provided further, that we may require you to pay the per diem fee we are then charging for on-site remedial training, and pay or reimburse us for the expenses incurred by our representatives, including the costs of travel, lodging, and meals.

In addition to the initial training program mentioned above, within two (2) weeks of your Location franchise opening for business, we (or our designee) will train your staff on various hair cutting, facial and skincare treatments and waxing treatments, as well as food preparation and bartending procedures while at your location.

C. Opening Assistance. Such on-site pre-opening and opening assistance as we reasonably deem necessary. In connection with the opening of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business, one of our representatives shall provide you with up to 12 days (but no less than 5 days, unless you agree otherwise) of on-site assistance at your Hair by Danyelli Laurette Saloon & Cafe Franchised Business both prior to and after the Opening Date, as we reasonably deem necessary.

D. Software Programs. For a reasonable fee, any Software Programs that we acquire or develop for use in the System; provided, that we are under no obligation to develop or acquire such Software Programs.

E. Inspections. Inspections of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business and evaluations of the products sold and services offered and sold at and from the Hair by Danyelli Laurette Saloon & Cafe Franchised Business from time to time as reasonably determined by us.

F. Advertising. Administration of an Advertising Fund in accordance with Article IX. We may also provide to you, at a reasonable cost, any advertising and promotional materials we may develop from time to time for use in marketing and promoting Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses.

G. Operational Advice. Advice and written materials concerning techniques for managing and operating Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses, including new developments and improvements in the System.

H. Collateral Merchandise; Equipment; Décor Items. From time to time in our discretion and at a reasonable cost, certain merchandise identifying the System, such as clothing other System memorabilia, in sufficient amounts to meet customer demand, and/or certain equipment, décor items or other products and services.

I. Approved Suppliers. From time to time as we deem appropriate a list of approved or designated suppliers of products, signs, equipment, materials, supplies, and services you must use to develop and operate your Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

J. Area Representative. You understand that if we have an Area Representative franchisee over your Territory, that we may delegate some of our obligations under this Agreement to the Area Representative, including but not limited to, evaluation of your site, training, and pre- and post- opening support.

VII. YOUR REPRESENTATIONS, WARRANTIES AND COVENANTS

A. Your Investigation of this Franchise.

(1) You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement.

(2) Whenever we have expressly reserved in this Agreement, or are deemed to have, a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, then except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including, without limitation, our judgment of what is in the best interests of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether: (i) other reasonable alternative decisions or actions could have been made by us; (ii) our decision or the action we take promotes our financial or other individual interest; (iii) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned operations; or (iv) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

B. Your Organization. If you are a corporation, partnership, limited liability company or other legal entity:

(1) You are duly organized and validly existing under the law of the state of your formation;

(2) You are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification;

(3) Your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of Hair by Danyelli Laurette Saloon & Cafe Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to a Hair by Danyelli Laurette Saloon & Cafe Franchised Business (including any business that offers and sells hair care, facials, waxing and related salon services);

(4) The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized; and

(5) You have provided to us prior to the execution of this Agreement, and will from time to time during the term of this Agreement at our request provide to us, copies of your articles of incorporation and bylaws or, as applicable, your written partnership or limited liability company agreement, other governing documents, any amendments to them, resolutions authorizing your entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of your stock or other ownership interests and any other documents that we may reasonably request.

C. Your Owners.

(1) If you are a corporation, partnership, limited liability company or other legal entity, the ownership interests in you are accurately and completely described in Exhibit 4. You agree to maintain at

all times a current list of all your Owners and to make your list of Owners available to us upon request.

(2) If you are a corporation, you agree to maintain stop-transfer instructions against the transfer on your records of any of your equity securities and to conspicuously endorse each stock certificate with a statement, in a form satisfactory to us, that it is held subject to all restrictions imposed upon assignments by this Agreement. If you are a partnership or limited liability company, your written partnership or limited liability company agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

(3) Unless otherwise agreed in writing by us, you must cause each of your Owners to execute the Owners Guaranty attached as Exhibit 1 to this Agreement, jointly and severally guarantying your performance under this Agreement and otherwise binding themselves to the terms of this Agreement as stated therein.

D. Your Financial Covenants.

(1) You have provided to us your most recent financial statements. These financial statements present fairly your financial position at the dates indicated therein and the results of your operations and cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements.

(2) At our request, you agree to provide us with any and all loan or other documents regarding the financing of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

(3) You agree to maintain at all times during the term of this Agreement sufficient working capital to fulfill your obligations under this Agreement.

E. Your Management.

(1) You agree to designate upon the execution of this Agreement, and to retain at all times during the term of this Agreement, an individual to serve as your Principal Owner. The Principal Owner must meet our qualifications and must be approved by us. Unless a separate General Manager is approved by us as described in Section VII.E(2), your Principal Owner must devote full time and best efforts to the supervision of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business(es) operated by you and your Affiliates. Without our written consent, your Principal Owner shall not engage in any business other than the operation of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business(es). Your Principal Owner and any General Manager whom we approve must be empowered with full authority to act for you.

(2) Unless we agree otherwise, you agree to designate not later than sixty (60) days after signing this Agreement, and to retain at all times during the term of this Agreement, a General Manager who meets our qualifications to supervise the operation of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business. Your Principal Owner may serve as the General Manager of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business, provided that he or she may not serve as the General Manager for more than one Hair by Danyelli Laurette Saloon & Cafe Franchised Business at the same time. Subject to our written consent, you may elect to designate an individual other than your Principal Owner for the position of General Manager. Your General Manager must devote full time and best efforts to the supervision of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business. Hair by Danyelli Laurette Saloon & Cafe Franchised Business operated by you and your Affiliates and, without our written consent, shall not engage in any other business. You acknowledge and agree that the appointment of a General Manager will not relieve your Principal Owner of his or her supervisory responsibilities for the operation of your Hair by Danyelli

Laurette Saloon & Cafe Franchised Business. You and your Principal Owner shall remain fully responsible for your General Manager's performance. Each Hair by Danyelli Laurette Saloon & Cafe Franchised Business must have a different General Manager.

(3) You agree to designate not later than thirty (30) days before the Opening Date and to retain at all times during the term of this Agreement the required number of Assistant Managers as determined by us from time to time, but in no event less than one (1) Assistant Manager. The Assistant Managers shall meet our qualifications, shall devote full time and best efforts to the day-to-day operation and management of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business and shall not engage in any other business activity without our prior written consent.

(4) The names of your Principal Owner, General Manager and Assistant Managers shall be listed in Exhibit 4 to this Agreement and you agree to keep such information current at all times during the term of this Agreement. You must promptly notify us in writing if your Principal Owner or any General Manager or Assistant Manager cannot continue or no longer qualifies to serve in that capacity and must take corrective action within thirty (30) days after any such notice. During such thirty (30) day period, you must provide for interim management of your operations in accordance with this Agreement. Any failure to comply with this Section VII.E. will be a material breach of this Agreement.

F. Legal Compliance. In addition to complying with your obligations under this Agreement, you agree to comply with all applicable federal, state and local laws, rules, regulations, ordinances and orders. Such laws, rules, regulations, ordinances and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is your sole responsibility to apprise yourself of the existence and requirements of all such laws, rules, regulations, ordinances and orders, and to adhere to them at all times during the term of this Agreement. Without limiting the foregoing, you certify that neither you nor any of your Owners, employees or anyone associated with you is listed in connection with any Anti-Terrorism Law and you agree not to hire or have any dealings with a person so listed. You further certify that you have no knowledge or information that, if generally known, would result in you, your Owners, employees, or anyone associated with you being so listed. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws and, in connection with such compliance, you represent and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you and your Owners are not otherwise in violation of any of the Anti-Terrorism Laws. You also agree to 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 acknowledge and agree that you shall be solely responsible for any costs, expenses, damages or other liabilities incurred by you or us as a result of, or in connection with, your failure to comply with any PCI standards.

G. Powers of Attorney. You hereby appoint us as your true and lawful attorney-in-fact, with full power and authority (i) to assign to us upon the termination or expiration of this Agreement (a) all rights to the telephone numbers of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, any related business listings, and all rights to any website listings or services, search engines or systems, and any other business listings related to the Hair by Danyelli Laurette Saloon & Cafe Franchised Business and (b) at our option, your interest in any lease for the Franchise Location and any equipment used in the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business (subject to Article XIX); and (ii) to obtain any and all returns and reports related to the Hair by Danyelli Laurette Saloon & Cafe Franchised Business that you file with any local, state or federal taxing authority. Such powers of attorney shall survive the expiration or termination of this Agreement, and you agree to execute such forms and documents as we deem necessary to appoint us your true and lawful attorney-in-fact with full power and authority for the foregoing purposes.

H. Continuing Obligations. You and you Owners make the foregoing representations, warranties and covenants understanding that such representations, warranties and covenants are continuing

obligations. You agree to cooperate with us to verify your and your Owners' continuing compliance with such representations, warranties and covenants. Any failure to comply with these representations, warranties and covenants will constitute a material event of default under this Agreement.

VIII. OPERATIONS

A. Training. Your Principal Owner and General Manager must successfully complete our management training program before the Opening Date. Any successor or replacement Principal Owner or General Manager must successfully complete our management training program within a reasonable time after such persons are designated, provided that each successor or replacement must successfully complete training no more than sixty (60) days after the date on which his or her predecessor ceased to be employed by you (or ceased to serve as Principal Owner, as applicable). These persons, and any of your other personnel whom we may designate, must attend and complete any additional training that we may require from time to time. In addition, we may, at our option, conduct periodic franchisee conventions at a location designated by us, and your Principal Owner and/or General Manager must attend such conventions. At our option, we may certify your Principal Owner, General Manager or one or more of your Assistant Managers (following their completion of all applicable training as required by us) as a "Certified Trainer" authorized to provide and conduct one or more designated training programs (as determined by us) for new or replacement employees at your Hair by Danyelli Laurette Saloon & Cafe Franchised Business; provided, however, that we reserve the right to test any employees trained by a Certified Trainer and to require any Certified Trainer and any of your employees to successfully complete additional training programs conducted by us from time to time. Initial management training for your Principal Owner and General Manager is provided at our offices in Folsom, CA (or other location(s) we designate) at no charge; however, we reserve the right to charge a reasonable fee for training any additional persons, including any successor or replacement personnel, and for any additional training programs. Such additional training shall be conducted at locations we designate. You are responsible for any and all expenses incurred in connection with any initial or additional training and attendance at any franchisee conventions, including, without limitation, the costs of travel, lodging, meals and wages incurred by you and your personnel. If any Principal Owner or General Manager fails, in our sole judgment, to satisfactorily complete our management training program, and you fail to cure such default within ninety (90) days following written notice from us, we may terminate this Agreement.

B. Standards Compliance. You acknowledge the importance of maintaining uniformity among all of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business and the importance of complying with all of our standards and specifications relating to the operation of Hair by Danyelli Laurette Saloon & Cafe Franchised Business. To protect the reputation and goodwill of the System and to maintain high standards of operation under the Marks, you agree to conduct your business in accordance with the Manuals, other written directives which we may issue to you from time to time, and any other manuals and materials created or approved for use in the operation of Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

C. Maintenance of Hair by Danyelli Laurette Saloon & Cafe Franchised Business. You agree to maintain the Hair by Danyelli Laurette Saloon & Cafe Franchised Business in a high degree of sanitation and repair, and to make such additions, alterations, repairs and replacements as may be required for that purpose, including, without limitation, such periodic repainting or replacement of signs, furnishings, décor, and equipment (including, but not limited to, Computer Systems) as we may reasonably direct. You also agree to obtain, at your expense, any new or additional equipment (including, but not limited to, point of sale or Computer Systems), fixtures, supplies and other products and materials which we may reasonably require for you to offer and sell new services or products from the Hair by Danyelli Laurette Saloon & Cafe Franchised Business or to provide such services or products by alternative means. Notwithstanding the foregoing, you will not be required by us to spend more than $25,000 during any calendar year under this Section VIII.C. No alterations, improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made in or about the Hair by Danyelli Laurette Saloon & Cafe Franchised Business without our prior written approval.

D. Upgrade of Hair by Danyelli Laurette Saloon & Cafe Franchised Business. Promptly upon our request, you must make improvements, renovations, updates and upgrades to the Hair by Danyelli Laurette Saloon & Cafe Franchised Business to conform it to our then-current standards and specifications. Without limiting the foregoing, you agree that, if we request, you will make any capital improvements required by this Section VIII.D. on or after the fifth (5th) anniversary of the Opening Date, or at such other time during the term of this Agreement that a majority of Hair by Danyelli Laurette Saloon & Cafe Franchised Business(es) then operated by us or our Affiliates have made or are utilizing best efforts to make such improvements. Notwithstanding the foregoing, you will not be required to spend more than $50,000 on an update, upgrade or renovation under this Section VIII.D.

E. Sourcing.

(1) You agree to comply with all of our standards and specifications for the purchase of all inventory, supplies, materials, fixtures, furnishings, equipment, Computer Systems, and other products used or offered for sale at the Hair by Danyelli Laurette Saloon & Cafe Franchised Business. If we have approved or designated suppliers (which may include us or our Affiliates or third-party manufacturers, distributors and other sources) for any such item, you agree to obtain these items from those suppliers. Our approved or designated suppliers are those who demonstrate on a continuing basis the ability to meet our standards and specifications; who have adequate quality controls and the capacity to supply the needs of the Hair by Danyelli Laurette Saloon & Cafe franchise network promptly and reliably over an extended period of time; and who have been approved in writing by us and who have not thereafter been disapproved by us. We may designate ourselves, our Affiliates or a third party as an approved or designated supplier, or as the sole approved or designated supplier of any item. You agree that we and our Affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our Affiliates provide to you and from payments made to us or our Affiliates by suppliers that we designate or approve for some or all of our franchisees).

(2) 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 cannot purchase or lease any such item unless the supplier has been approved in writing by us. We are not required to approve any particular supplier. We will have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to send our representatives to inspect the supplier's facilities and to have samples from the supplier be delivered to us or to an independent laboratory designated by us for testing. You or the proposed supplier will be required to pay for the cost of the inspection and the test (including our administrative expenses) and reimburse us for any costs or expenses we incur in connection with the evaluation of your proposed supplier. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We reserve the right to re-inspect from time to time the facilities and products of any approved supplier and to revoke our approval of the supplier if the supplier fails to continue to meet any of our criteria. If we revoke our approval of any supplier, you agree to promptly discontinue use of that supplier. Your failure to comply with the provisions of this Section VIII.E. shall be deemed a material breach under this Agreement.

F. Operational Requirements. You agree to operate the Hair by Danyelli Laurette Saloon & Cafe Franchised Business in full conformity with our methods, standards and specifications as set forth in the Manuals and as from time to time otherwise prescribed in writing. Without limitation of the foregoing, you agree:

(1) To sell or offer for sale all products and services we require using the method and

manner of distribution we prescribe. Distribution methods must be expressly authorized by us in writing in the Manuals or otherwise;

(2) To sell and offer for sale only the products and services that we have expressly approved for sale in writing; to discontinue selling and offering for sale any products or services and any method or manner distribution which we may disapprove in writing at any time;

(3) To maintain in sufficient supply and to use and sell at all times only those items, products, materials, and supplies that conform to our standards and specifications; to conduct all services in accordance with our standards, specifications and procedures; to use the brand and/or type of products we require; and to refrain from deviating from our standards and specifications by using or offering non-conforming items or services without our prior written consent;

(4) To permit us or our agents, at any reasonable time, to remove samples of any items from the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, without payment, in amounts reasonably necessary for testing to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform to our specifications;

(5) To purchase or lease and install, at your expense, all fixtures, furnishings, equipment, Computer Systems, decor items, signs, and related items that we may reasonably direct from time to time; and to refrain from installing or permitting to be installed in or about the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, without our prior written consent, any fixtures, furnishings, equipment, decor items, signs, vending machines or other items not previously approved as meeting our standards and specifications;

(6) To grant us and our agents the right to enter the Hair by Danyelli Laurette Saloon & Cafe Franchised Business at any reasonable time to conduct inspections; to cooperate with our representatives conducting the inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents (and without limiting our other rights under this Agreement), to take any and all steps that may be necessary to correct promptly any deficiencies detected during an inspection. If you fail for any reason to correct such deficiencies within a reasonable time, as determined by us, we will have the right and authority (but no obligation) to correct the deficiencies and to charge you a reasonable fee, payable on demand, for our expenses in taking the corrective action (including, without limitation, any necessary re-inspection);

(7) To at all times operate your Hair by Danyelli Laurette Saloon & Cafe Franchised Business under the direct, on-site supervision of at least one person who has successfully completed our management training program pursuant to Section VIII.A of this Agreement; to at all times maintain a competent, conscientious, trained staff and to take any and all steps necessary to ensure that your employees preserve good customer relations and comply with any dress code we may prescribe;

(8) To only install and offer at the Hair by Danyelli Laurette Saloon & Cafe Franchised Business such equipment, machines, games and activities (such as vending machines, video games or other devices) as we have expressly approved in the Manuals or otherwise in writing; and

(9) To keep the Hair by Danyelli Laurette Saloon & Cafe Franchised Business open and in operation for a minimum of six days a week and eight hours a day.

G. Computer Systems. You agree to use the Computer System (if any) that we specify from time to time for use in the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business. You acknowledge that we may modify the specifications and the components of any such Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware

and/or software, including, without limitation, a license to use Software Programs developed by us or others. Changes to the Computer System specifications may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto) and that the cost to you of obtaining the Computer System (including software licenses) or additions or modification thereto may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs. Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we require. You further acknowledge and agree that we have the right to charge a reasonable systems fee for any software or systems modifications and enhancements specifically made for us that are licensed to you and other maintenance and support services that we or our Affiliate may furnish to you.

H. Customer Complaints. You agree to process and handle all consumer complaints connected with or relating to the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, and to promptly notify us of all safety or health violations or allegations of such violations, claims exceeding One Thousand Dollars ($1,000), and any other material claims against or losses suffered by you. You also agree to maintain, and to promptly notify us of, any communications with governmental authorities affecting the Hair by Danyelli Laurette Saloon & Cafe Franchised Business during the term of this Agreement and for one (1) year after the expiration or earlier termination hereof.

I. Internet Website. You agree to install and maintain all hardware and software needed to access the internet at the bit speed we require from time to time. You further agree that you will not establish any website or other listing on the internet except as provided herein.

(1) Without our prior written approval, which we may give or withhold in our sole discretion, you may not develop, create, generate, own, or otherwise use any computer and/or electronic media (including but not limited to the internet, bulletin boards and news groups) in connection with the Hair by Danyelli Laurette Saloon & Cafe Franchised Business. If we grant our approval for your use of an internet website, you acknowledge that the form, content and appearance of any internet website you use must comply with the System standards and must be approved by us in writing before being used. Accordingly, you agree that you have no authority to, and you will not, establish any website that creates any association with the Marks or the System, or post any advertisements, messages or materials on the internet (including, but not limited to, social media websites such as Facebook and Twitter) that depict or display the Marks or suggest an association with the System, without our express prior written consent. Without limitation of the foregoing, if we require, any internet website created by or for you must contain a hypertext link to our internet website in the form we require, and no other hypertext links to third party internet websites unless previously approved in writing by us. Notwithstanding our approval of a website, we reserve the right to revoke our approval at any time that the website fails to continue to meet our standards, and you agree that upon such revocation, you will immediately discontinue use of the website.

(2) You agree that you have no authority to, and you will not, register any domain name in any class or category that uses or creates any association with the Marks (including any abbreviation, acronym, phonetic variation or visual variation of the Marks) or the System without our express prior written consent. You must obtain our written approval for your domain name prior to use. Your domain name must be registered in our name and licensed to you by us. On termination or expiration of this Agreement, the license of the domain name to you will automatically terminate and you agree to undertake all such actions that we require to disassociate yourself with the domain name.

(3) We may establish an internet website that provides information about the System and the products and services offered by Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses. If we establish an internet website, we will have sole discretion and control over the website, including timing, design, contents and continuation. We may include at the website interior pages containing information about our franchisees' Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses, and we may require you to

prepare all or a portion of the page for your Hair by Danyelli Laurette Saloon & Cafe Franchised Business, at your expense, using a template that we provide, with all such information subject to our approval prior to posting. We may use Advertising Fund monies to establish and maintain the website.

(4) We also have the sole right (but no obligation) to develop an Intranet through which we and our franchisees can communicate by e-mail or similar electronic means. If we develop an Intranet, you agree to participate in strict compliance with our standards, protocols and restrictions, including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. We may, in our sole discretion, charge a reasonable fee for Intranet usage, which you agree to pay in accordance with our invoice.

J. Business Licenses. You agree to secure and maintain, at your sole cost, any and all state, county, and/or local business licenses required for the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business .

K. Prices of Services and Products Sold at Your Hair by Danyelli Laurette Saloon & Cafe Franchised Business . We may from time to time establish maximum, minimum or other pricing requirements for the services and products to be sold at your Hair by Danyelli Laurette Saloon & Cafe Franchised Business to the fullest extent allowed by law. Any failure to comply with this Section will be a material breach of this Agreement.

IX. ADVERTISING

A Local Advertising. Recognizing the value of advertising and marketing to the goodwill and public image of Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses, you agree to spend at least an amount equal to at least $1,500 per month for advertising and promotion of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business in the Protected Area. In our sole discretion, we may increase the amount you must spend on local marketing in the Protected Area upon not less than thirty (30) days' written notice to you. At our request, you must submit to us a report (including substantiating receipts) detailing your local advertising expenditures during the time period specified in the request. In addition, we have the right to review your books and records from time to time to determine your expenditures for local advertising and promotion. If we determine that you have not spent the requisite amounts, we may require you to pay such unexpended amounts to us to apply to local advertising in the Protected Area.

B. Cooperatives. We have the right to designate any geographic area in which two (2) or more company-owned or franchised Hair by Danyelli Laurette Saloon & Cafe Franchised Business s are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). If we do, each Cooperative will be organized and governed as, and will begin operation on a date, we determine. Cooperatives will be organized for the exclusive purpose of administering advertising programs and developing promotional materials for local advertising and will be operated solely as a conduit for the collection and expenditure of advertising contributions. We reserve the right to require all Cooperatives to be formed as legal entities under applicable state laws. If a Cooperative is established for a geographic area that includes all or part of the Protected Area, you must become a member of the Cooperative, execute all applicable Cooperative documents promptly upon our request, and participate in the Cooperative by contributing the amounts required by the Cooperative's governing documents, which may require contributions of at least two percent (2%) of the Hair by Danyelli Laurette Saloon & Cafe Location franchise's Gross Revenues. You must submit to the Cooperative and to us all statements and reports that we or the Cooperative may require. Your Cooperative contributions will not be applied toward partial satisfaction of your local advertising requirement under Section IX.A. All or a portion of your contributions to a Cooperative may be used to establish and/or maintain a website(s) focused on promoting the System in and around your market area. Cooperative contributions will be maintained and administered under the Cooperative's governing documents and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. The Cooperative governing documents will be available for review by all of the Cooperative members. Cooperative members

will be entitled to a report on an annual basis on how the Cooperative's funds are being spent.

C. Advertising Fund. We have established an advertising program fund (the "Advertising Fund" or "Fund"). You agree to make periodic contributions to the Fund of two percent (2%) of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business 's Gross Revenues. Your required contributions to the Fund are in addition to amounts you are required to spend for local advertising under Section IX.A, and in addition to any amounts you are required to contribute to any Cooperative. Fund contributions will be due and payable at the same time and in the same manner that royalty fee payments are due and payable.

(1) We will direct all programs financed by the Fund, with sole discretion over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation thereof. You agree that the Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering national, regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; the cost of developing and maintaining an internet website; developing and maintaining gift card, membership and other customer loyalty programs; and supporting public relations, market research and other advertising, promotion and marketing activities.

(2) The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including, without limitation, conducting market research; preparing advertising, promotion and marketing materials; and collecting and accounting for contributions to the Fund. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Hair by Danyelli Laurette Saloon & Cafe Franchised Business s to the Fund in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. We will prepare an annual unaudited statement of monies collected and costs incurred by the Fund and furnish the statement to you upon written request. We have the right to cause the Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified herein. Hair by Danyelli Laurette Saloon & Cafe Franchised Business owned by us and our Affiliates may, but are not required to, contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement for a Hair by Danyelli Laurette Saloon & Cafe Franchised Business.

(3) You acknowledge that the Fund is intended to maximize recognition of the Marks and patronage of Hair by Danyelli Laurette Saloon & Cafe Franchised Business s. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs that will benefit all Hair by Danyelli Laurette Saloon & Cafe Franchised Business s, we undertake no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by Hair by Danyelli Laurette Saloon & Cafe Franchised Business s operating in that geographic area or that any Hair by Danyelli Laurette Saloon & Cafe Franchised Business will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. We may use a portion of the monies contained in the Fund to establish regional marketing funds and/or to establish and maintain a website for Hair by Danyelli Laurette Saloon & Cafe Franchised Businesses. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Fund.

(4) We reserve the right, upon thirty (30) days' prior written notice to you, to defer, reduce or suspend contributions to (and, if suspended, deferred or reduced, to reinstate such contributions) and to suspend operations of, the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund. If the Fund is terminated, all unspent monies on the date of termination will be distributed to the contributors to the Fund in proportion to their respective contributions to the Fund during

the preceding twelve (12) month period.

(5) We may, in our discretion and business judgment, use the Fund to directly or indirectly place advertising in your local or regional market; however, we also intend to use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations under Section IX.A. above.

D. Promotional Programs. We may, from time to time in our sole discretion, develop and administer advertising and sales promotion programs designed to promote all Hair by Danyelli Laurette Saloon & Cafe Franchised Business s. We will be responsible for the design and administration of such programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies. If we do establish these programs, you agree to participate in them in accordance with the terms and conditions we establish. The standards and specifications we establish for such programs, shall be final and binding upon you.

E. Advertising Standards. You agree that any advertising, promotion and marketing you conduct, whether required by this Agreement or voluntarily undertaken by you, will be completely clear and factual and not misleading and will conform to the policies that we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least twenty (20) days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within fifteen (15) days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time.

F. Grand Opening Program. You agree to conduct a grand opening advertising and promotional program for the Saloon and to spend $10,000 to $25,000 for a Saloon that provides hair and facial services, and between $20,000 and $35,000 for a Saloon that provides hair, nails, facial, and massage services. The grand opening program must be conducted during the period that is 30 days before and 30 days following the opening of your Saloon to the public (or such other period as may be prescribed by us in the Manuals). Such advertising and promotion will utilize the marketing and public relations programs and media and advertising materials we have developed or approved, including, without limitation, a variety of meetings with potential members and participation in local events to promote your Saloon.

G. Business Listings. You agree to place and pay the cost of a business listing acceptable to us, which may, at our discretion, be an internet business listing, in such directories and categories as we may specify from time to time in the Manuals or otherwise in writing. This cost is in addition to your required local advertising expenditures.

X. MARKS

A. Your Right to Use the Marks. We grant you the right to use the Marks during the term of this Agreement in accordance with this Agreement and our standards and specifications.

B. Your Agreements Regarding the Marks. You expressly acknowledge that:

(1) As between us and you, we are the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(2) Neither you nor any of your Owners will take any action that would prejudice or interfere with our rights or those of our Affiliates in and to the Marks. Nothing in this Agreement shall give

you any right, title, or interest in or to any of the Marks, except the right to use the Marks in accordance with the terms and conditions of this Agreement.

(3) Any and all goodwill arising from your use of the Marks will inure solely and exclusively to our benefit and to the benefit of our Affiliates, and upon expiration or termination of this Agreement, no monetary amount shall be attributable to any goodwill associated with your use of the Marks.

(4) You agree not to contest, or assist others to contest, the validity of, or our or our Affiliates' interest in the Marks.

(5) Any unauthorized use of the Marks will constitute an infringement of our or our Affiliates' rights in the Marks and a material event of default under this Agreement. You agree to provide us with all assignments, affidavits, documents, information and assistance related to the Marks that we or our Affiliates reasonably request, including all such instruments necessary to register, maintain, enforce and fully vest the rights of us or our Affiliates in the Marks.

(6) We have the right to substitute different trade names, trademarks, service marks, logos and commercial symbols for the current Marks to use in identifying the System and the Hair by Danyelli Laurette Saloon & Cafe Franchised Business operating under the System if the current Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different marks will be beneficial to the System. If we do so, you agree, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute marks.

C. Your Use of the Marks. You further agree that you will:

(1) Operate and advertise the Hair by Danyelli Laurette Saloon & Cafe Franchised Business only under the name "Hair by Danyelli Laurette Saloon & Cafe," without prefix or suffix, unless otherwise authorized or required by us. You agree not to use the Marks as part of your corporate or other legal name.

(2) Identify yourself as the owner of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, and display a notice in such content and form and at such conspicuous locations at the Hair by Danyelli Laurette Saloon & Cafe Franchised Business or on any vehicle used in the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business as we may designate in writing.

(3) Not use the Marks to incur any obligation or indebtedness on our behalf.

(4) Comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

D. Infringement. You agree to notify us promptly of any apparent infringement of or challenge to your use of any Mark and of any claim by any person of any rights in any Mark. You and your Owners shall not communicate with any person other than us, our Affiliates, our and their counsel, and your counsel in connection with any such apparent infringement, challenge or claim. We will have complete discretion to take any action we deem appropriate in connection with any infringement of, or challenge or claim to, any Mark and the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute all such instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our or our Affiliates' interests in the Marks.

XI. CONFIDENTIALITY AND NONCOMPETITION COVENANTS

A. Manuals. The Manuals are our property and you agree to return them to us at our request and in any event when this Agreement expires or is terminated for any reason. You and your Owners must at all times maintain the Manuals, and the information contained in them, as confidential in compliance with this Article XI. You may make the Manuals available only to those of your Owners and employees who must have access to them in order to operate the Hair by Danyelli Laurette Saloon & Cafe Franchised Business and may not at any time copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or make them available to any unauthorized person. You agree to maintain the Manuals in a secure place at the Hair by Danyelli Laurette Saloon & Cafe Franchised Business. We have the right to add to or modify the Manuals from time to time. You agree to comply with the terms of all additions and modifications to the Manuals and to keep your copy of the Manuals current. If there is a dispute about the contents of the Manuals, the terms of the master copy at our offices shall control. The entire contents of the Manuals, and our mandatory specifications, procedures and rules prescribed from time to time, shall constitute provisions of this Agreement as if they were set forth herein. We will charge a replacement fee of Five Hundred Dollars ($500) for any replacement Manuals you request.

B. Nondisclosure of Confidential Information. We will disclose to you those parts of our Confidential Information we deem necessary or advisable from time to time for the establishment and operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business. You agree that you and your Owners will not acquire any interest in the Confidential Information, other than the right to use the Confidential Information disclosed to you in operating the Hair by Danyelli Laurette Saloon & Cafe Franchised Business during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You agree to disclose the Confidential Information to your Owners and employees only to the extent reasonably necessary for the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business pursuant to this Agreement. Our Confidential Information is proprietary, includes trade secrets owned by us and our Affiliates, and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Confidential Information; and (iv) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent the unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure of the Confidential Information to Hair by Danyelli Laurette Saloon & Cafe Franchised Business personnel and others. These covenants shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Owners.

C. Noncompetition Covenants. You and your Owners specifically acknowledge that, pursuant to this Agreement, you and they will receive access to valuable training and Confidential Information which are beyond your and their present skills and experience, including, without limitation, information regarding operational, sales, promotional and marketing methods and techniques of the System. You and your Owners further acknowledge that such specialized training and Confidential Information provide a competitive advantage, and that gaining access to them is a primary reason for entering into this Agreement. Accordingly, you and your Owners agree as follows:

(1) With respect to you, during the term of this Agreement (or with respect to each of the Owners, for so long as such person satisfies the definition of "Owner" under this Agreement), except as otherwise approved in writing by us, neither you nor any of your Owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of Hair by Danyelli Laurette Saloon & Cafe Franchised Business s to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Hair by Danyelli Laurette Saloon & Cafe Franchised Business s operated under valid agreements with us, own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to an Hair by Danyelli Laurette Saloon & Cafe Franchised Business (including any business that offers and sells hair and/or skin care or related services) and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

(2) With respect to you, for a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of your interest in, this Agreement (or, with respect to each of the Owners, commencing upon the earlier of (i) the expiration or termination of, or transfer of all of your interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Owner" under this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in writing by us, neither you, nor any of your Owners shall, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of Hair by Danyelli Laurette Saloon & Cafe Franchised Business s to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Hair by Danyelli Laurette Saloon & Cafe Franchised Business s operated under valid agreements with us, own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to an Hair by Danyelli Laurette Saloon & Cafe Franchised Business (including any business that offers and sells hair and/or skin care or related services) which is, or is intended to be, located
(i) at the Franchise Location, (ii) within the Protected Area, (iii) within a fifty (50)-mile radius of the Franchise Location, or (iv) within a fifty (50)-mile radius of the location of any Hair by Danyelli Laurette Saloon & Cafe Franchised Business then in existence or under construction.

(3) You agree that each of the foregoing covenants contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or our other business interests. Each covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XI.C. is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which we are a party, you and your Owners expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section XI.C.

(a) You and your Owners acknowledge that we will have the right, in our sole discretion, to reduce the scope of any covenant set forth in this Section XI.C. without your or their consent effective immediately upon notice to you; and you and your Owners agree to promptly comply with any covenant as modified.

(b) You and your Owners expressly agree that the existence of any claims you or they may have against us, whether arising under this Agreement or otherwise, shall not constitute a defense to the enforcement by us of the covenants in this Section XI.C, and that the 2-year non-competition period shall be tolled during any periods of non-compliance and shall be extended for a time period equal to the duration of the non-compliance.

D. Improvements. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of a Hair by Danyelli Laurette Saloon & Cafe Franchised Business

(an "Improvement"), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement shall become our sole property and we shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to us any rights you or they may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint us as your and their agent and attorney- in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section XI.D. are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your or their rights therein.

E. Injunctive Relief. You and your Owners acknowledge that any failure to comply with the requirements of this Article XI. shall constitute a material event of default under this Agreement and further acknowledge that such a violation 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 this Article XI., without the requirement that we post a bond. You and your Owners agree to pay all court costs and reasonable attorneys' fees and costs that we incur in connection with the enforcement of this Article XI., including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of this Article, or any part of it.

F. Execution of Covenants by Your Owners and Management. You agree to require and obtain the execution of covenants similar to those set forth in Sections XI.B. and C. from all General Managers, and, at our request, any Assistant Managers or other of your personnel. These covenants must be substantially in the form set forth in Exhibit 2; however, we reserve the right, in our sole discretion, to decrease the scope of the noncompetition covenant set forth in Exhibit 2 or eliminate such noncompetition covenant altogether for any person that is required to execute such agreement.

XII. BOOKS AND RECORDS

A. Maintenance of Books and Records. You must maintain during the term of this Agreement, in accordance with generally accepted accounting principles and in the form and manner we prescribe from time to time in the Manuals, full, complete and accurate books, records and accounts of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business , including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers. You agree to preserve such books and records for at least four (4) years from the date of preparation.

B. Reporting. In addition to other reports required by this Agreement, you agree to submit to us, in the form we prescribe from time to time and at your expense:

(1) At our request, a monthly income statement (which may be unaudited), signed by your treasurer, chief financial officer or comparable officer attesting that it is true, complete and correct.

(2) Not later than April 15th after the end of each calendar year during the term of this Agreement, your complete annual financial statement (which may be unaudited), including a balance sheet, profit and loss statement, and statement of cash flows, prepared in accordance with generally accepted accounting principles by an independent certified public accountant satisfactory to us and showing the results of your operations during such calendar year.

(3) Not later than five (5) days after filing, copies of your federal income tax returns (including any extension requests) and within five (5) days after the end of each calendar quarter, copies of your state sales tax returns. If the Hair by Danyelli Laurette Saloon & Cafe Franchised Business is in a state which does not impose a sales tax, you agree to submit a copy of your state income tax return (including any extension requests) not later than five (5) days after filing.

(4) At the times reasonably required by us, such other forms, reports, records, information and data as we may reasonably designate.

C. Audits. We or our designees will have the right at all reasonable times to review, audit, examine and copy your books and records relating to the Hair by Danyelli Laurette Saloon & Cafe Franchised Business . If any required payments to us are delinquent, or if an examination or audit should reveal that any payments have been understated in any report to us, then you must pay to us upon demand the amount overdue or understated with interest determined in accordance with Section V.F. If an examination or audit discloses an understatement in any report of two percent (2%) or more, you must, in addition, reimburse us for all costs and expenses connected with the audit (including, without limitation, legal and accounting fees and costs). These remedies shall be in addition to any other remedies we may have at law or in equity.

D. No Waiver. Our receipt or acceptance of any of the statements furnished or amounts paid to us (or the cashing of any check or processing of any electronic fund transfer) will not preclude us from questioning the correctness thereof at any time, and, in the event that any errors are discovered in such statements or payments, you must immediately correct the error and make the appropriate payment to us.

E. Authorization to Release Information. You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom you do business to disclose to us any financial information in their possession relating to your Hair by Danyelli Laurette Saloon & Cafe Franchised Business which we may request. You further authorize us to disclose to prospective franchisees or other third parties' data from your reports if we determine, in our sole discretion, that such disclosure is necessary or advisable.

XIII. INSURANCE

A. Insurance Coverage Requirements. Not later than sixty (60) days before the Opening Date, you must procure, at your expense, an insurance policy or policies protecting you, us, our Affiliates, successors and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring at or in connection with the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business . You must maintain these policies in full force and effect at all times during the term of this Agreement. All required insurance policies must be purchased from our designated insurance provider, must include a one-year tail

following the termination, expiration or transfer of this Agreement, must name us as a co- insured, and shall otherwise be reasonably acceptable to us and must include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time in writing), the following:

(1) Comprehensive general liability insurance written on an occurrence form, including coverage for beauticians professional liability, broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in an amount not less than $1,000,000 per occurrence, $2,000,000 general aggregate, $2,000,000 products/completed operations aggregate, $1,000,000 personal and advertising injury, $50,000 damage to premises rented to you, and $5,000 medical expense (any one person). The general liability coverage shall include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability. There should be no limitation or exclusion for sexual abuse or molestation coverage;

(2) Employment related practices liability insurance, including third party coverage, in an amount not less than $1,000,000 per occurrence and $1,000,000 aggregate. Such insurance must include a deductible of less than $10,000 unless we approve a higher deductible in writing. Prior acts retroactive date must be no later than the Effective Date of this Agreement;

(3) Commercial automobile insurance written on a combined single limit basis for bodily injury and property damage with a limit not less than $1,000,000 per accident. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall include additional insured and waiver of subrogation endorsements in favor of us;

(4) Commercial umbrella or excess liability following form insurance in an amount not less than $1,000,000 per occurrence and $1,000,000 aggregate;

(5) Property insurance coverage to include coverage for replacement costs of all franchisee- owned contents and tenant improvements at each location, and business interruption insurance for a period adequate to re-establish normal business operations, not to be less than six months. All property related coverage shall be written on special causes of loss forms with deductibles not to be greater than $10,000 per occurrence;

(6) Workers' compensation (Coverage A) with statutory limits complying with the laws of the applicable state, and employer's liability (Coverage B) with limits not less than $1,000,000 per accident, $1,000,000 disease policy limit, and $1,000,000 disease per employee. Such insurance shall include a waiver of subrogation endorsement in favor of us; and

(7) such other insurance as may be required by us from time to time or by the landlord of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business premises at, and by the state or locality in, which the Hair by Danyelli Laurette Saloon & Cafe Franchised Business is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

B. Deductibles; Waiver of Subrogation. You may elect to have reasonable deductibles in connection with the coverage required under Sections XIII.A(1)-(7) hereof. Such policies shall also include a waiver of subrogation in favor of us, our Affiliates and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them.

C. Builder's Risk Insurance. In connection with any construction, renovation, refurbishment or remodeling of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, you must maintain Builder's Risks/Installation insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to us.

D. No Limitation of Other Obligations. Your obligation to obtain and maintain the foregoing policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article XVI. of this Agreement.

E. Additional Insured Designation. All insurance policies required under this Agreement, with the exception of workers' compensation, shall name us and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors (including the Area Representative for your territory, if applicable), servants and employees of each of them, as additional insureds, and shall expressly provide that our and their interest shall not be affected by your breach of any policy provisions. All public liability and property damage policies shall contain a provision that we and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to them by reason of your negligence or that of your servants, agents or employees.

F. Certificates of Insurance. Upon the execution of this Agreement and thirty (30) days before the expiration of any policy required under this Agreement, you agree to deliver to us certificates of insurance evidencing the existence and continuation of proper coverage with limits not less than those required under this Article XIII. In addition, if we request, you agree to deliver to us a copy of the insurance policy or policies required. All required insurance policies must expressly provide that we are entitled to no less than thirty (30) days' prior written notice in the event of a material alteration to or cancellation of the policies.

G. Remedies. If you fail to procure or maintain the insurance required by this Agreement, we will have the right and authority (but no obligation) to procure such insurance and to charge to you the cost of such insurance, together with a reasonable fee for our expenses, which shall be payable by you upon demand. The foregoing remedies are in addition to any other remedies we may have at law or in equity.

XIV. DEBTS AND TAXES

A. Payment of Taxes and Other Obligations. You agree to promptly pay when due all Taxes levied or assessed and all accounts and other indebtedness of every kind incurred by you in connection with the Hair by Danyelli Laurette Saloon & Cafe Franchised Business . You are solely liable for the payment of all Taxes and agree to indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether or not correctly or legally assessed. You will pay to us when due any federal, state or local sales, gross receipts, use, value added, excise or other taxes levied or assessed against us on all fees and other payments paid to us under this Agreement, including any income tax, franchise or other tax levied or assessed against us for the privilege of doing business in your state.

B. Disputed Liability. If there is a bona fide dispute as to your liability for Taxes or other indebtedness, you may contest the validity or the amount of the Tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the Hair by Danyelli Laurette Saloon & Cafe Franchised Business .

C. Credit Standing. You acknowledge that the failure to make payments or repeated delays in making prompt payments to suppliers will result in a loss of credit rating or standing which will be detrimental to the goodwill associated with the Marks and the System. Except for payments which are disputed by you in good faith, you agree to promptly pay when due all amounts owed by you to us, our Affiliates, and other suppliers, lenders, landlords and other third parties. Any failure to comply with this section shall constitute a material default under this Agreement.

D. Notice of Adverse Orders. You agree to notify us in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business .

XV. TRANSFER

A. By Us. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity without your consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all our obligations arising subsequent to the transfer or assignment. Without limitation of the foregoing, we may sell our assets to a third party; may offer our securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

B. By You and Your Owners. You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted you rights under this Agreement in reliance on your business skill, financial capacity and personal character and that of your Owners. Accordingly, neither you nor any of your Owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in the Hair by Danyelli Laurette Saloon & Cafe Franchised Business , or in you without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach of this Agreement. If you wish to transfer all or part of your interest in the Hair by Danyelli Laurette Saloon & Cafe Franchised Business or this Agreement, or if you or an Owner wishes to transfer any ownership interest in you, the transferor shall apply to us for our consent. We will not unreasonably withhold our consent but may require any or all of the following as conditions of our consent:

(1) All accrued monetary obligations of you and your Affiliates to us and our Affiliates arising under this Agreement or any other agreement, shall have been satisfied in a timely manner, and you shall have satisfied all trade accounts and other debts of whatever nature or kind in a timely manner;

(2) You and your Affiliates shall not be in default of this Agreement or any other agreement with us or our Affiliates, and you and they shall have substantially and timely complied with all the terms and conditions of such agreements during their respective terms;

(3) The transferor and its owners, if applicable, shall have executed a general release, in a form satisfactory to us, of any and all claims, against us and our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement with us or our Affiliates, and under federal, state or local laws, rules, and regulations or orders;

(4) The proposed transferee must demonstrate to our satisfaction that it meets our then-current qualifications, and, at the transferee's expense, its Principal Owner, General Manager, Assistant Managers and any other personnel we require shall complete any training programs then in effect for Hair by Danyelli Laurette Saloon & Cafe Franchised Business s upon such terms and conditions as we may reasonably require;

(5) The transferee shall, at its expense and within the time period we reasonably require, renovate, modernize and otherwise upgrade the Hair by Danyelli Laurette Saloon & Cafe Franchised Business to conform to our then-current System image, standards and specifications, provided that this subsection XV.B(5) will be applicable only if you have not renovated, updated and upgraded the Hair by Danyelli Laurette

Saloon & Cafe Franchised Business pursuant to subsection VIII.D of this Agreement;

(6) The transferee shall enter into a written agreement, in a form satisfactory to us, assuming full, unconditional, joint and several liable for, and agreeing to perform from the date of the transfer, all of your obligations, covenants and agreements under this Agreement;

(7) The transferee shall execute our then-current form of franchise agreement for a term ending on the expiration date of this Agreement (including any renewal terms provided by this Agreement). The new franchise agreement shall supersede this Agreement in all respects and its terms may differ from the terms of this Agreement (except that the fees imposed on the transferee will not be greater than the fees that we then impose on similarly situated transferees), provided that the transferee shall not be required to pay an initial franchise fee. If the transferee is a corporation, partnership, limited liability company or other entity, those of the transferee's owners whom we require shall execute such guaranty and assumption documents as we may require;

(8) The transferor shall remain liable for all of its obligations to us under this Agreement incurred prior to the effective date of the transfer, shall obtain a one-year tail on each of its insurance policies to cover any liabilities that may have been incurred prior to the effective date of the transfer, and shall execute any and all instruments reasonably requested by us to evidence such liability;

(9) You must pay us a transfer fee in an amount equal to the greater of 25% of the then-current initial franchise fee or $12,500. Furthermore, if you are an individual transferring your rights and obligations under this Agreement to an entity owned by you pursuant to, and in accordance with, Section XV.C. of this Agreement, the transfer fee shall be an amount equal to the out-of-pocket costs and expenses incurred by us in connection with such transfer (including, without limitation, legal and accounting fees and costs)

(10) If the transfer relates to the grant of a security interest in any of your assets, we may require the secured party to agree that, in the event of any default by you under any documents related to the security interest, we shall have the right and option (but no obligation) to be substituted as obligor to the secured party and to cure any default.

C. Transfer for Convenience of Ownership. If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements in Section XV.B., except that Sections XV.B.(3), (4), (5), and (7) shall not apply and the fee provided for in Section XV.B.(9) shall be limited to our reasonable out-of-pocket costs and expense (including legal and accounting fees and costs). In any transfer for the convenience of ownership, you must be the owner of all the voting stock or ownership interests in the new entity, or, if you are more than one individual, each individual shall have the same proportionate ownership interest in the new entity as he or she had in you before the transfer.

D. Right of First Refusal. If you or an Owner wishes to transfer any interest in this Agreement, the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, or you pursuant to any bona fide offer received from a third party to purchase such interest, then the proposed seller shall promptly notify us in writing of the offer, and shall provide such information and documentation relating to the offer as we may require. We will have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all required documentation describing the terms of the offer, to send written notice to the seller that we intend to purchase the seller's interest on the terms and conditions offered by the third party. If we elect to purchase the seller's interest, closing shall occur on or before sixty (60) days from the later of the date of our notice to seller of our election to purchase and the date we receive all necessary permits and approvals, or any other date agreed by the parties in writing. If the third party offer provides for payment of consideration other than cash, we may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be

determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If we exercise our right of first refusal, we will have the right to set off all appraisal fees and other amounts due from you to us or any of our Affiliates. A material change in the terms of any offer before closing shall constitute a new offer subject to the same right of first refusal as an initial offer. Our failure to exercise the option afforded by this Section XV.D. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XV.B. Failure to comply with this Section XV.D. shall constitute a material event of default under this Agreement.

E. Death or Permanent Disability. You agree to promptly notify us of any death or claim of permanent disability subject to this Section XV.E. Any transfer upon death or permanent disability shall be subject to the following conditions, as well as to the conditions described in Section XV.B. for any inter vivos transfer.

(1) Upon your death (if you are a natural person) or the death of any Owner who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within twelve (12) months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within twelve (12) months after the death of the Deceased.

(2) Upon your permanent disability (if you are a natural person) or the permanent disability of any Owner who is a natural person, we may, in our sole discretion, require that person's interest to be transferred to a third party in accordance with the conditions described in this Article XV. within six (6) months after notice to you. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person, or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section XV.E. We will pay the costs of any examination required by this Section XV.E.(2).

F. Securities Offerings. Interests in you shall not be offered to the public by private or public offering without our prior written consent, which we will not unreasonably withhold. As a condition of our consent, we may, in our sole discretion, require that immediately after such offering your Owners retain a Controlling Interest in you. You agree to give us written notice at least thirty (30) days before the commencement of any offering covered by this Section XV.F. and to submit all offering materials to us for review before they are filed with any governmental agency or distributed for use. Our review of the offering materials shall be limited solely to the subject of the relationship between you and us. No offering shall imply that we are participating in an underwriting, issuance or offering of securities. We may require the offering materials to contain a written statement prescribed by us concerning the relationship between you and us. You, your Owners and the other participants in the offering must fully indemnify us, our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering. For each proposed offering, you must reimburse us for our reasonable costs and expenses (including, without limitation, legal and accounting fees and costs) associated with reviewing the offering materials.

G. No Waiver. Our consent to the transfer of any interest described in this Article XV. shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand the transferee's exact compliance with any of the terms of this Agreement.

XVI. INDEMNIFICATION

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, any and all claims, and liabilities directly or indirectly arising out of the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business or your breach of this Agreement, without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of us or any other party or parties in connection therewith. Notwithstanding the foregoing, this indemnity shall not apply to any liability arising from our gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you, your Owners, officers, directors, employees, independent contractors or Affiliates. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, exemplary or other) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, accountants', mediators', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you. The terms of this Article XVI. shall survive the termination, expiration or transfer of this Agreement or any interest herein.

XVII. INDEPENDENT CONTRACTOR

You agree that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arm's-length business relationship, and we owe you no duties except as expressly provided in this Agreement. You are an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. During the term of this Agreement, you agree to hold yourself out to the public as an independent contractor conducting the operations of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business pursuant to the rights granted by us. Nothing in this Agreement authorizes you or any of your Owners to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of your Owners or any claim or judgment arising therefrom.

XVIII. TERMINATION

A. Automatic Termination. You will be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; or if you file a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admit in writing your inability to pay your debts when due; or if you are adjudicated as bankrupt or insolvent in proceedings filed against you under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law are instituted by or against you; or if a final judgment against you remains unsatisfied or of record for

thirty (30) days or longer (unless supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Hair by Danyelli Laurette Saloon & Cafe Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your Hair by Danyelli Laurette Saloon & Cafe Franchised Business shall be sold after levy thereupon by any sheriff, marshal or constable or is otherwise sold by means of a foreclosure sale or a public or private auction or sale conducted in accordance with applicable law.

B. Termination on Notice; No Cure. You will be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon notice to you, upon the occurrence of any of the following events:

(1) If you operate the Hair by Danyelli Laurette Saloon & Cafe Franchised Business or sell any products or services authorized by us at any location other than the Franchise Location without our prior written consent;

(2) If you fail to construct (or to identify an approved site for) your Hair by Danyelli Laurette Saloon & Cafe Franchised Business in accordance with Article III;

(3) If you fail to open the Hair by Danyelli Laurette Saloon & Cafe Franchised Business for business within the period specified in Section III.E;

(4) If you at any time cease to operate or otherwise abandon the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, or lose the right to occupy the Franchise Location, or otherwise forfeit the right to transact business in the jurisdiction where your Hair by Danyelli Laurette Saloon & Cafe Franchised Business is located; provided, that this provision shall not apply upon the occurrence of an event of Force Majeure, or in the case of a Force Majeure event which results in the loss or destruction of the premises for your Franchise Location, provided that you apply within thirty (30) days after such event for our approval to relocate or reconstruct the Hair by Danyelli Laurette Saloon & Cafe Franchised Business and you diligently pursue such reconstruction or relocation. Our approval will not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum fee to us during the period in which the Hair by Danyelli Laurette Saloon & Cafe Franchised Business is not in operation;

(5) If a threat or danger to public health or safety results from the construction or operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business;

(6) You fail to obtain any required permits or get our approval prior to offering alcoholic beverages at your Location Franchise;

(7) If you or any of your Owners is convicted of, or has entered a plea of guilty or nolo contendere to, a felony, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

(8) If you or any of your Owners transfer or attempt to transfer any rights or obligations under this Agreement or any interest in you or the Hair by Danyelli Laurette Saloon & Cafe Franchised Business contrary to the terms of this Agreement, or if a transfer upon death or permanent disability is not made in accordance with Section XV.E.;

(9) If, contrary to the terms of Section XI.B., you or any of your Owners disclose or divulge any Confidential Information;

(10) If you knowingly maintain false books or records, or submit any false reports to us;

(11) If you breach in any material respect any of the covenants, or have falsely made any of the representations or warranties, set forth in Article VII., or if you make any material misstatement or omission in an application for this franchise or in any other information provided to us;

(12) If you fail to comply with our quality assurance program (including any applicable cure periods provided under such program);

(13) If you or any of your Owners repeatedly commit an event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(14) If your assets, property or interests are 'blocked' or otherwise restricted under any law, ordinance or regulation relating to terrorist activities or if you are otherwise in violation of any such law, ordinance or regulation; or

(15) If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated a bankrupt or insolvent, file or you acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesces in the appointment of a trustee or receiver for your or the Franchise; if proceedings are commenced to have you adjudicated as bankrupt or to seek a reorganization of you under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the Franchise without your consent, and the appointment is not vacated within 60 days; if a levy or writ of attachment or execution or any other lien is placed against you, any partner of you, if you are a partnership, any guarantor of you or any of their assets are not released or bonded against within 60 days; if you, any partner of you, or the majority equity owner of you become insolvent.

(16) If you or any of your Affiliates are in default of any other franchise agreement or other agreements with us and fail to cure such default within the applicable cure period, if any.

C. Termination on Notice; Opportunity to Cure. Except as provided in Sections XVIII.A. and XXVII.B. of this Agreement, upon any default which is capable of being cured, we may terminate this Agreement by giving you written notice of termination stating the nature of the default and the time period within which the default must be cured. You may avoid termination by immediately initiating a remedy to cure such default and curing it to our satisfaction within the time period set forth below or any longer period that applicable law may require ("cure period"). If the default is not cured within the cure period, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the cure period. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following:

(1) If you fail to procure and maintain the insurance policies required by Section XIII. and fail to cure such default within seven (7) days following notice from us;

(2) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein and fail to cure such default within twenty-four (24) hours following notice from us;

(3) If you fail to obtain the execution of the confidentiality and related covenants as required under Section XI.F. of this Agreement within ten (10) days after we request and fail to cure such default within thirty (30) days following notice from us;

(4) If you or any of your Affiliates fail, refuse, or neglect to promptly pay any monies owed to us or any of our Affiliates when due, or fail to submit the financial or other information we require under this Agreement, and do not cure such default within five (5) days following notice from us;

(5) If you or any of your Owners fail to comply with the restrictions against competition set forth in Section XI.C. of this Agreement and fail to cure such default within ten (10) days following notice from us;

(6) If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing, and fail to cure such default within thirty (30) days following notice from us;

(7) If you fail to secure all required state, county or local license(s) by the date the Hair by Danyelli Laurette Saloon & Cafe Franchised Business is otherwise ready (and/or required) to open for business and fail to cure such default within ten (10) days following notice from us; or

(8) If you fail to comply with any other requirement imposed by this Agreement, or fail to carry out the terms of this Agreement in good faith and fail to cure such default within thirty (30) days following notice from us.

D. Our Right to Provide Interim Management. If we have given you notice that you are in default, and you have not cured the default, then we may (but are not obligated to) assume interim management of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business during the pendency of any cure period or in lieu of immediately terminating this Agreement. If we elect to assume interim management of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business (i) our election will not relieve you of your obligations under this Agreement; (ii) we will not be liable for any debts, losses, costs or expenses incurred in the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business during any such interim management period; (iii) we will have the right to charge a reasonable fee for our management services; and (iv) you agree to, and hereby do, indemnify and hold us harmless against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with our interim management of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, other than those arising solely from our gross negligence or willful misconduct.

XIX. POST-TERMINATION

A. Your Obligations Upon Termination. Upon the termination or expiration of this Agreement for any reason, all rights granted to you will terminate, and you must:

(1) Immediately cease to operate the Hair by Danyelli Laurette Saloon & Cafe Franchised Business under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as one of our present or former franchisees.

(2) Immediately and permanently cease to use, in any manner whatsoever, the Marks and any Confidential Information associated with the System. Without limitation of the foregoing, you must cease to use all signs, advertising materials, displays, stationery, forms and any other items which display the Marks.

(3) Take such action as may be necessary to cancel any assumed name, fictitious name or equivalent registration which contains the mark "Hair by Danyelli Laurette Saloon & Cafe" or any other Mark, and furnish us with satisfactory evidence of compliance within five (5) days after termination or expiration of this Agreement.

(4) Not use any reproduction, counterfeit, copy or colorable imitation of the Marks which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Marks, nor shall you use any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

(5) Promptly pay all sums owing to us and our Affiliates, and all damages, costs and expenses, including reasonable attorneys' fees and costs, incurred by us as a result of any default by you or in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Article XIX., which obligation shall give rise to and remain a lien in favor of us against any and all of your assets, until such obligations are paid in full.

(6) Promptly deliver to us all Manuals, Software Programs, Confidential Information, and other materials related to the operation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business in your possession or control, and all copies thereof, all of which are acknowledged to be our property, and retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between you and us and any other documents which you reasonably need for compliance with any provision of law.

(7) Comply with the restrictions against the disclosure of Confidential Information and against competition contained in Article XI. of this Agreement and cause any other person required to execute similar covenants pursuant to Article XI. to also comply with such covenants.

(8) Promptly furnish to us an itemized list of all advertising and sales promotion materials bearing the Marks, whether located at the Hair by Danyelli Laurette Saloon & Cafe Franchised Business or at any other location under your control. We will have the right to inspect these materials and the option, exercisable within thirty
(30) days after such inspection, to purchase any or all of the materials at your cost. Materials we do not purchase cannot be used by you or any other person for any purpose unless authorized in writing by us.

(9) At our option, assign to us all rights to the telephone numbers of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business and any related business listings and execute all forms and documents required by us to transfer such service and numbers to us. You agree to use different telephone numbers at or in connection with any subsequent business conducted by you.

(10) If we do not elect to exercise our option to acquire the lease or sublease for the Franchise Location (as described below), you agree to make such modifications or alterations to the premises as are necessary to distinguish the appearance of the Franchise Location from that of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, and, if you fail or refuse to do so, we shall have the right to enter upon the premises, without being guilty of trespass or any other crime or tort, to make or cause such changes to be made, at your expense.

B. Our Post-Term Purchase Options. Upon the termination or expiration of this Agreement, we shall have the following options:

(1) The option, exercisable by giving written notice to you within sixty (60) days from the date of such termination or expiration, as applicable, to acquire the Franchise Location and the assets of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business from you (subject to any rights of approval retained by the owner of the leasehold). The date on which we notify you whether or not we are exercising our option is referred to as the "Notification Date." We will have the unrestricted right to assign this option and we or our assignee will be entitled to all customary warranties and representations in connection with the asset purchase, including, without limitation, 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; and a general release.

(2) The option, exercisable at the time and in the manner set forth in subsection (1) above, to assume your leasehold interest in the Franchise Location or, if you own the Franchise Location, to enter into a lease agreement with you. If we exercise our option, you agree to assign your leasehold interest

to us at no cost to us other than our assumption of the obligation to make post-assignment rental payments to the landlord under the lease; or if you own the Franchise Location, to lease the Franchise Location to us at a reasonable commercial rent and upon terms comparable to rental terms for similar leased property in the marketplace where the Hair by Danyelli Laurette Saloon & Cafe Franchised Business is located.

(3) If we exercise our option under subsection (1) to purchase the assets of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business from you, the purchase price for the assets will be their fair market value, determined in a manner consistent with reasonable depreciation of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business's leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies. The age and condition of the improvements, equipment, fixtures, furnishings, decor, and signs of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, will also be considered in determining the fair market value. We may exclude from the assets we elect to purchase cash or its equivalent and any leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies that are not necessary or appropriate (in function or quality) to the Hair by Danyelli Laurette Saloon & Cafe Franchised Business's operation or that we have not approved as meeting the standards for Hair by Danyelli Laurette Saloon & Cafe Franchised Business, and the purchase price will reflect such exclusions.

(4) If we and you are unable to agree on the fair market value of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business's assets, or the fair rental value of the Franchise Location, such fair market value (or fair rental value) will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one appraiser, you will appoint one appraiser, and those appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within fifteen (15) days after the Notification Date, and we and you agree that we will instruct the two appraisers so chosen to appoint the third appraiser within fifteen (15) days after the date on which the last of our appointed appraisers is appointed. You and we will each bear the cost of our own appraiser and share equally the fees and expenses of the third appraiser. We and you agree that we will instruct the three (3) appraisers to complete their appraisal within thirty (30) days after the third appraiser's appointment.

(5) The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after the determination of the purchase price. We will have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your Owners owe to us. At the closing, you agree to deliver instruments transferring to us: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and other transfer taxes paid by you; (ii) all licenses and permits of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business which may be assigned or transferred; and (iii) a leasehold interest in (or unencumbered title to) the Franchise Location and improvements. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. As a condition of our purchase of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business, you and your Owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our subsidiaries, shareholders, officers, directors, employees, agents, successors and assigns.

(6) We may assign our options under this Section XIX.B. to any person or entity without your consent.

XX. MISCELLANEOUS

A. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to us: DLS HSC Global Inc.

Attn: President
500 Pondside Drive, Unit B
White Plains, New York 10607
Telephone: (914) 881-1233
Email: desk@hairsaloonandcafe.com

Notices to you and your Owners: _____
_____
_____
_____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

B. No Waiver. No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or your Owners under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or your Owners, or as to a subsequent breach or default by you or your Owners.

C. Approval or Consent. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us, and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to you, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by us, nor do we assume any liability or obligation to you or any third party as a result thereof.

D. Force Majeure. Upon the occurrence of an event of Force Majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. If an event of Force Majeure shall occur, you must continue to pay to us any and all amounts that you have duly become obligated to pay in accordance with the terms of this Agreement and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article XVI.

E. Severability. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

F. ARBITRATION.

(1) **All claims, controversies or disputes, except for those claims, controversies or disputes provided for in Section XX.F.7, below, the party asserting the claim shall submit such claim,**

controversy or dispute exclusively to arbitration, to be held in New York, New York, before and in accordance with the Commercial Rules of Arbitration of the AAA.

(2) **Any arbitration under this subsection XX.F shall be conducted by a single arbitrator mutually agreed to by the parties. If within thirty (30) days after a demand for arbitration is made, the parties are unable to agree on a single arbitrator, an arbitrator shall be selected in the following manner: Franchisor and Franchisee shall obtain an identical list of arbitrators from the American Arbitration Association, containing an odd number of arbitrators, and shall take alternating turns striking the name of an arbitrator off the list until one name remains. Franchisee shall strike the first name off the list.**

(3) **In no event shall the arbitrator be entitled to award punitive, incidental, special or consequential damages against the Franchisor.**

(4) **Any award rendered in connection with an arbitration pursuant to this Section XX.F shall be final and binding. The parties may initiate litigation in any court of competent jurisdiction to confirm, enter and enforce such arbitration award.**

(5) **Franchisor and Franchisee agree that arbitration will be conducted only on an individual, not a class-wide basis (including, but not limited to, on behalf of or in connection with an association of Hair by Danyelli Laurette Saloon & Cafe franchisees, or any other trade association), and that an arbitration proceeding between Franchisor (including its subsidiaries, affiliates, shareholders, officers, directors, managers, representatives and employees) and Franchisee (including its Owners, Operating Principal(s), principals and guarantors, if applicable) may not be consolidated with any other arbitration proceeding between them and any other person or legal entity. No findings, conclusions, orders or awards emanating from any arbitration proceeding conducted hereunder may be introduced, referred to or used in any subsequent or other proceeding as a precedent, to collaterally estop any party from advancing any claim or defense or from raising any like or similar issues, or for any other purpose whatsoever. The parties agree that the principles of collateral estoppel shall not apply in any arbitration proceeding conducted under this Section.**

(6) **Franchisor and Franchisee hereby agree and acknowledge that this Section XX.F shall bind Franchisee's guarantors, whether or not such guarantors were named parties to the arbitration and/or litigation.**

(7) **Notwithstanding anything to the contrary above, Franchisor may institute litigation (without first proceeding with arbitration) exclusively in a court of competent jurisdiction: (1) to protect the Principal Trademarks, any intellectual property and Confidential Information; (2) to determine the validity of termination of this Agreement and/or any other related agreement; (3) to enforce the termination of this Agreement and/or any other related agreement; (4) to enforce the Confidentiality, Non-Use and Non-Competition Agreement and any other agreement executed by franchisee; (5) to confirm, enter and enforce an arbitrator's award; (6) for monies owed; and (7) to enjoin or restrain Franchisee from otherwise causing immediate and irreparable harm to Franchisor, its parent and/or its affiliates.**

(8) **Franchisee explicitly affirms and recognizes the unique value and secondary meaning attached to the System, the Principal Trademarks, any intellectual property and the Confidential Information. Accordingly, Franchisee agrees that any non compliance by Franchisee with the terms of this Agreement and/or the terms of any Confidentiality, Non-Use and Non-Competition Agreement, Franchisee's operation of the franchise post-termination or any unauthorized or improper use of the System, the Principal Trademarks,**

any intellectual property, or Confidential Information by the Franchisee, will cause irreparable damage to the Franchisor, its affiliates and other Hair by Danyelli Laurette Saloon & Cafe franchisees. Franchisee therefore agrees that if it engages in any non compliant, post-termination operation of the franchise or unauthorized and/or improper use of the System, Principal Trademarks or Confidential Information during or after the period of this Agreement, Franchisor will be entitled to a declaration, temporary injunctive relief and permanent injunctive relief, without the need of a bond, against the Franchisee from any court of competent jurisdiction, wherever situated, as Franchisor may select, in addition to all other remedies which the Franchisor may have at law.

(9) **Except as necessary to protect or enforce Franchisor's or Franchisee's rights in the proceeding, the arbitration proceeding and all information disclosed therein shall be subject to the confidentiality requirements of this Agreement.**

(10) **The provisions of this Section are intended to benefit and bind certain third party non-signatories (including without limitation Franchisee's Owners and guarantors) and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.**

(11) **The parties agree that for purposes of Section XX.F.7, a court of competent jurisdiction shall mean a court which is either a New York state court in New York, New York or in the United States District Court for the Southern District of New York in New York, New York. Franchisee hereby irrevocably submits itself and its guarantors to the jurisdiction and venue of a New York state court in New York, New York or in the United States District Court for the Southern District of New York in New York, New York. Franchisee hereby waives and covenants never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).**

(12) **Notwithstanding Section XX.F.11, if Franchisor determines that another court of competent jurisdiction, wherever situated, is appropriate, Franchisor may bring an action in such court. Franchisee hereby irrevocably submits itself and its guarantors to the jurisdiction and venue of such court as Franchisor may select. Franchisee hereby waives and covenants never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).**

G. <u>LITIGATION</u>. NOTWITHSTANDING ANYTHING TO THE CONTRARY ABOVE, FRANCHISOR MAY INSTITUTE LITIGATION (WITHOUT FIRST PROCEEDING WITH ARBITRATION) EXCLUSIVELY IN A COURT OF COMPETENT JURISDICTION: (1) TO PROTECT THE PRINCIPAL TRADEMARKS, ANY INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION; (2) TO DETERMINE THE VALIDITY OF TERMINATION OF THIS AGREEMENT AND/OR ANY OTHER RELATED AGREEMENT; (3) TO ENFORCE THE TERMINATION OF THIS AGREEMENT AND/OR ANY OTHER RELATED AGREEMENT; (4) TO ENFORCE THE CONFIDENTIALITY, NON-USE AND NON-COMPETITION AGREEMENT AND ANY OTHER AGREEMENT EXECUTED BY FRANCHISEE; (5) TO CONFIRM, ENTER AND ENFORCE AN ARBITRATOR'S AWARD; (6) FOR MONIES OWED; AND (7) TO ENJOIN OR RESTRAIN FRANCHISEE FROM OTHERWISE CAUSING IMMEDIATE AND IRREPARABLE HARM TO FRANCHISOR, ITS PARENT AND/OR ITS AFFILIATES.

H. **GOVERNING LAW**. **THIS AGREEMENT, ALL RELATIONS BETWEEN THE PARTIES AND ANY AND ALL DISPUTES BETWEEN THE PARTIES, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARE TO BE EXCLUSIVELY CONSTRUED IN ACCORDANCE WITH AND/OR GOVERNED BY (AS APPLICABLE) THE LAW OF THE STATE OF NEW YORK WITHOUT RECOURSE TO NEW YORK (OR ANY OTHER) CHOICE OF LAW OR CONFLICTS OF LAW PRINCIPLES. IF, HOWEVER, ANY PROVISION OF THIS AGREEMENT WOULD NOT BE ENFORCEABLE UNDER THE LAWS OF NEW YORK, AND IF THE FRANCHISED BUSINESS IS LOCATED OUTSIDE OF NEW YORK AND THE PROVISION WOULD BE ENFORCEABLE UNDER THE LAWS OF THE STATE IN WHICH THE FRANCHISED BUSINESS IS LOCATED, THEN THE PROVISION (AND ONLY THAT PROVISION) WILL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THAT STATE. NOTHING IN THIS SECTION XX.H. IS INTENDED TO INVOKE THE APPLICATION OF ANY FRANCHISE, BUSINESS OPPORTUNITY, ANTITRUST, "IMPLIED COVENANT," UNFAIR COMPETITION, FIDUCIARY OR ANY OTHER DOCTRINE OF LAW OF THE STATE OF NEW YORK OR ANY OTHER STATE, WHICH WOULD NOT OTHERWISE APPLY.**

I. **PARTIES' ACKNOWLEDGMENTS**. **YOU AND WE ACKNOWLEDGE THAT THE AGREEMENTS REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF US WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT. YOU AND WE FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.**

J. **CONSEQUENTIAL OR PUNITIVE DAMAGES**. **EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US PURSUANT TO ARTICLE XVI. AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY CONSEQUENTIAL OR PUNITIVE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN NO EVENT WILL FRANCHISOR BE LIABLE TO FRANCHISEE FOR CONSEQUENTIAL OR PUNITIVE DAMAGES IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT; ANY BREACH, TERMINATION, CANCELLATION OR NON RENEWAL OF THIS AGREEMENT; OR IN ANY OTHER ACTION OR PROCEEDING WHATSOEVER BETWEEN THE PARTIES TO THIS AGREEMENT AND/OR ANY OF THEIR AFFILIATES. FRANCHISEE HEREBY WAIVES AND COVENANTS NEVER TO ADVANCE ANY SUCH CLAIM FOR CONSEQUENTIAL OR PUNITIVE DAMAGES.**

K. **LIMITATIONS OF CLAIMS**. **EXCEPT FOR CLAIMS WE BRING WITH REGARD TO YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO ARTICLE XVI., ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR ONE (1) YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST**.

L. WAIVER OF TRIAL BY JURY. **TO THE EXTENT THAT EACH MAY LAWFULLY DO SO, FRANCHISEE AND FRANCHISOR BOTH WAIVE THEIR RIGHT TO A TRIAL BY JURY IN ANY ACTION THAT MAY BE BROUGHT ON OR WITH RESPECT TO THIS**

AGREEMENT OR ANY OTHER AGREEMENT EXECUTED IN CONNECTION HEREWITH.

M. Costs and Attorneys' Fees. If we incur expenses in connection with your failure to pay when due amounts owed to us, or to submit when due any reports, information or supporting records, or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, court costs and any accounting, attorneys', mediators', arbitrators' and related fees. If we are found to be in breach of our obligations under this Agreement, we will reimburse you any of the costs and expenses which you incur, including, without limitation, court costs and any accounting, attorneys', mediators', arbitrators' and related fees.

N. Binding Effect. This Agreement is binding upon us and you and your and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest.

O. Modification of Agreement. Except for those changes permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either you or us unless mutually agreed to and executed by our and your authorized officers or agents in writing.

P. Consents and Approvals. 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 or effected actions that require our approval.

Q. Owners. If two or more persons are at any time the "Franchisee" under this Agreement, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

R. Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

S. Headings. The captions used in connection with the articles, sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

T. Survival. Any obligation of you or the Owners that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest in you, shall be deemed to survive such termination, expiration or transfer. Without limitation of the foregoing, the provisions of Sections XX.G., H. and I. will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

U. Gender. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable.

V. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your Affiliates, and us or any of our Affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Section XVIII. of this Agreement shall not discharge or release you or any of the Owners from any liability or obligation then accrued, or any liability or

obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

W. No Third Party Beneficiary. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors and personnel and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Section XV.), any rights or remedies under or as a result of this Agreement.

X. Further Assurances. You and we agree to promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement.

Y. Agreement Effective Upon Execution by Us. This Agreement shall not become effective until signed by one of our authorized representatives.

Z. Entire Agreement. This Agreement, and the exhibits hereto, which are incorporated herein by reference, constitute the entire, full and complete Agreement between the parties hereto concerning the subject matter hereof, and they supersede any and all prior negotiations, understandings, representations and agreements; **provided, however, that nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document that we furnished to you.**

XXI. FRANCHISEE'S ACKNOWLEDGEMENTS

A. Development of the System. Franchisee acknowledges and agrees that some aspects of Franchisor's franchise program and the System are currently under development and that Franchisor expects that there will be some significant variations in the System in different markets which may exist for an initial or transitional period, or on a permanent basis. Franchisee acknowledges and agrees that no variations from the System or Manuals are permitted without Franchisor's prior written consent and that over time during the term of this Agreement Franchisor and its affiliates will continue to develop and refine various aspects of the System and that as new products, operating procedures, trade dress and other refinements are introduced, Franchisor may, in its sole discretion, cease to allow some or all variations from the System and Manuals and may require local, regional or national uniformity among Hair by Danyelli Laurette Saloon & Cafe Franchises with regard to aspects of the System and Manuals for which Franchisor previously permitted variations.

B. Franchisor's Obligations. Franchisee expressly understands and acknowledges that it is relying solely on Franchisor, and not on any affiliated entities or parent companies related to Franchisor, with regard to Franchisor's financial and other obligations under this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISEE:

_____

By:

_____

Name:

_____

Title:

_____

Date:

_____

FRANCHISOR:

DLS HSC Global Inc.

By:

_____

Name:

_____

Title:

_____

Date:

_____

EXHIBIT 1

OWNERS' GUARANTY

In consideration of the execution by Franchisor of the Franchise Agreement (the "Agreement") dated the _____day of _____, 20 _____ , between DLS HSC Global Inc. ("Franchisor") and _____ ("Franchisee") and for other good and valuable consideration, each of the undersigned, for themselves, their heirs, successors and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

1. If more than one person has executed this Guaranty ("Guaranty"), the term "the undersigned", as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

2. The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Agreement and any other agreement(s) by and between Franchisee and Franchisor, and agree that this Guaranty shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

3. The undersigned hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder (a) any term, covenant or condition of the Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Agreement may be released, substituted or added; (c) any right or remedy under the Agreement, this Guaranty or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and (d) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Agreement or any other person.

4. Should Franchisee be in breach or default under the Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Agreement or any others of the undersigned.

5. Notice to or demand upon Franchisee or any of the undersigned shall be deemed notice to or demand upon Franchisee and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned shall not relieve any other guarantor from liability pursuant to this Guaranty, under the Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

6. Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Agreement or any other agreement(s) by and between Franchisee and Franchisor, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

7. It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guaranty shall inure to the benefit of the Franchisor, its successors and assigns. This Guaranty may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

8. Governing Law/Consent to Jurisdiction

a. This Guaranty, all relations between the parties and any and all disputes between the parties, whether sounding in contract, tort or otherwise, are to be exclusively construed in accordance with and/or governed by the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guaranty would not be enforceable under the laws of New York, and if any Franchised Business is located outside of New York and the provision would be enforceable under the laws of that state, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section 8 is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the state of New York or any other state, which would not otherwise apply.

b. The Guarantors and Franchisor agree to institute any litigation that the undersigned may commence arising out of or related to this Guaranty or the Agreement; any breach of this Guaranty or the Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, exclusively in a court of competent jurisdiction which is either a New York state court in New York, New York or the United States District Court for the Southern District of New York. The undersigned hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). The undersigned further agree that Franchisor may institute any litigation that it commences arising out of or related to this Guaranty or the Agreement; any breach of this Guaranty or the Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, in any court of competent jurisdiction, wherever situated, that Franchisor selects. The undersigned hereby irrevocably submits itself and is guarantors to the jurisdiction and venue of such courts as Franchisor may select. The undersigned agree that any dispute as to the venue for the litigation Franchisor institutes will be submitted to and resolved exclusively by the court of competent jurisdiction in which Franchisor commenced the litigation. The undersigned hereby waives and covenants never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). All depositions in connection with any litigation between the parties shall be held in the jurisdiction and venue where any such litigation is commenced.

c. Franchisor and the undersigned hereby agree and acknowledge that this Section 8 shall bind the undersigned guarantors, whether or not such guarantors were named

parties to the litigation.

d. The undersigned explicitly affirms and recognizes the unique value and secondary meaning attached to the System, the Principal Trademarks, any intellectual property and the Confidential Information. Accordingly, the undersigned agrees that any non-compliance by the undersigned with the terms of this Guaranty, the Agreement and/or the terms of any Confidentiality, Non-Use and Non-Competition Agreement, the undersigned's operation of the franchise post-termination or any unauthorized or improper use of the System, the Principal Trademarks, any intellectual property, or Confidential Information by the undersigned, will cause irreparable damage to the Franchisor, its affiliates and other Hair by Danyelli Laurette Saloon & Cafe franchisees. The undersigned therefore agrees that if it engages in any non-compliant, post-termination operation of the Franchised Business or unauthorized and/or improper use of the System, Principal Trademarks or Confidential Information during or after the period of this Guaranty, Franchisor will be entitled to a declaration, temporary injunctive relief and permanent injunctive relief, without the need of a bond, against the undersigned from any court of competent jurisdiction, wherever situated, as Franchisor may select, in addition to all other remedies which the Franchisor may have at law.

e. The provisions of this Section are intended to benefit and bind certain third party non-signatories (including without limitation the undersigned's Owners and guarantors) and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Guaranty.

9. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty effective as of the date of the Franchise Agreement.

_____
Signature

_____
Printed Name

_____
Address

_____
Signature

_____
Printed Name

_____
Address

EXHIBIT 2A

CONFIDENTIALITY, NON-USE AND NON-COMPETITION AGREEMENT

This Confidentiality, Non-Use and Non-Competition Agreement ("Agreement"), dated this_____day of _____, _____, by and between DLS HSC Global Inc. ("Franchisor") having an address at 500 Pondside Drive, Unit 3B, White Plains, New York 10607, and _____ having an address at _____ ("Franchisee"); and Franchisee's owners _____ _____having an address at _____ ("Owners"),

W I T N E S S E T H:

WHEREAS, Franchisor is principally engaged in the business of developing and selling franchises operating under the name Hair by Danyelli Laurette Saloon & Cafe. Franchises will operate a salon business offering haircutting, styling, and related products and services, featuring a specialized menu and alcoholic beverages; and

WHEREAS, Franchisee is an individual or enterprise which has entered into a Franchise Agreement with Franchisor dated _____ ("Franchise Agreement") for the operation of a Hair by Danyelli Laurette Saloon & Cafe franchised business;

WHEREAS, if Franchisee is an enterprise, Franchisee's Owners agree to be bound by the terms and conditions of this Agreement; and

WHEREAS, during the course of the relationship between Franchisor and Franchisee certain information has been and/or will be provided to and received by Franchisee and its Owners relating to the Franchisor, including without limitation, certain knowledge, know-how, methods and procedures some of which constitute trade secrets under applicable law regarding the Franchisor, its affiliates and its subsidiaries and the development, management and operation of a Hair by Danyelli Laurette Saloon & Cafe franchised businesses which Franchisor and its affiliates consider proprietary (collectively "Confidential Information"), including without limitation: (a) the Confidential Operating Manual; (b) operational specifications, standards, systems and procedures and knowledge and experience used in developing and operating the System; (c) recipes, preparation instructions and methods for preparation of various menu items and inventory system methods including those relating to inventory control, storage, product and handling; (d) site selection criteria; (e) training and operations materials and manuals; (f) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (g) business forms and accounting procedures; (h) Advertising Materials, Social Media Materials and use of Social Media Platforms; (i) database material, customer lists, records, files, instructions and other proprietary information; (j) identity of suppliers and knowledge of supplier discounts, specifications, processes, services, procedures and equipment, contract terms, pricing for authorized products, materials, supplies and equipment; (k) computer software or similar technology which is proprietary to Franchisor or its affiliates, including without limitation digital passwords and identifications and any source code, as well as data, reports and other printed materials; (l) knowledge of the operating results and financial performance of the System other than the franchised business; and (m) graphic designs and related intellectual property.

NOW, THEREFORE, for One Dollar ($1.00) and other good and valuable consideration, receipt of which is hereby acknowledged the parties hereto agree as follows:

1. Acknowledgments

(a) Franchisee and its Owners acknowledge that Franchisee and its Owners have been and/or will be given access to Confidential Information during the course of the relationship between Franchisee and Franchisor.

(b) Franchisee and its Owners acknowledge that (i) Franchisor and its affiliates own all right, title and interest in and to the System; (ii) the System consists of trade secrets, Confidential Information and know-how that gives the Franchisor and its affiliates a competitive advantage; (iii) the Franchisor and its affiliates have taken all measures necessary to protect the trade secrets, Confidential Information and know-how comprising the System; (iv) all Confidential Information now or hereafter provided or disclosed to Franchisee and its Owners regarding the System is disclosed in confidence; (v) Franchisee and its Owners have no right to disclose any Confidential Information to anyone who is not an employee, agent or independent contractor of Franchisee; (vi) Franchisee and its Owners will not acquire any ownership interest in the System; and (vii) the use or duplication of the System or any part of the System by Franchisee or its Owners in any other business would constitute an unfair method of competition, for which Franchisor would be entitled to all legal and equitable remedies, including injunctive relief without posting a bond.

2. Non-Disclosure and Return of Confidential Information

(a) Franchisee and its Owners pledge and agree that for a period commencing on the date of this Agreement and continuing thereafter, in the absence of prior written consent by Franchisor, they: (i) will keep all Confidential Information in strict confidence; (ii) will not communicate or disclose Confidential Information to any unauthorized person or entity; (iii) will not use the Confidential Information for any purpose other than as directed by and needed for Franchisor's use; (iv) will not reproduce or use the Confidential Information; and (v) will have a system in place to ensure that all recipients who require access to any of the Confidential Information, execute the Confidentiality, Non-Use and Non-Competition Agreement Form in the form attached to the Franchise Agreement as Exhibit 2B.

(b) Confidential Information provided by Franchisor to Franchisee and its Owners in the course of the parties' relationship shall be returned to Franchisor immediately upon termination or expiration of the Franchise Agreement. Franchisee and its Owners shall not retain any book, record, report, design, plan, material, copy, note, abstract, compilation, summary, extract or other reproduction, whether in paper or electronic form, of the Confidential Information and shall not retain any copy, note or extract of such Confidential Information, except as the parties hereto may agree in writing.

3. Covenants

(a) Franchisee and its Owners acknowledge that Franchisor has granted it the franchise in consideration of and reliance upon the agreement by Franchisee and its Owners to, among other things, (i) to deal exclusively with Franchisor; (ii) to maintain the confidentiality of all of the Confidential Information; (iii) to ensure that all recipients with access to the Confidential Information execute the Confidentiality, Non-Use and Non-Competition Agreement in the Form attached hereto as Exhibit 2B; (iv) to refrain from using any Confidential Information in any manner not permitted by Franchisor in accordance with Section 2 above; and (v) to protect and preserve the goodwill of the Franchisor.

(b) Franchisee and its Owners further acknowledge and agree that (i) pursuant to the Franchise Agreement, they will have access from the Franchisor and its affiliates to valuable trade secrets, specialized training and Confidential Information regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; (ii) the System and the opportunities, associations, and experience established by Franchisor and acquired by Franchisee and its Owners under

the Franchise Agreement are of substantial and material value; (iii) in developing the System, Franchisor and its affiliates have made and continue to make substantial investments of time, technical and commercial research and money; (iv) the Franchisor would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information about Hair by Danyelli Laurette Saloon & Cafe franchisees if franchisees were permitted to hold interests in Competitive Businesses; and (v) restrictions on the right of Franchisee and its Owners to hold interests in or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder the activities of Franchisee or its Owners.

(c) Accordingly, Franchisee and is Owners covenant and agree that during the term of the Franchise Agreement and for an uninterrupted period of two (2) years after the later of: (i) the termination (regardless of the cause of termination) or expiration of the Franchise Agreement; (ii) a Transfer, as defined in the Franchise Agreement; and (iii) the date of a final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3, Franchisee and each of its Owners shall not directly or indirectly for itself or through on behalf of or in conjunction with any person, firm, partnership corporation or other entity in any manner whatsoever:

1. Divert or attempt to divert any actual or potential business or customer of the Hair by Danyelli Laurette Saloon & Cafe System to any competitor;

2. Take any action or engage in any activity injurious or prejudicial to the goodwill associated with the Principal Trademarks and the System;

3. Solicit, encourage or assist anyone else to solicit or encourage any independent contractor providing services to Franchisor to terminate or diminish their relationship with Franchisor; or

4. Own, maintain, develop, operate, engage in, franchise or license, make loans or gifts to or have any direct or indirect interest in or render services as a director, officer, manager, employee, consultant, representative, or agent or give advice to any Competitive Business (defined below). Notwithstanding the foregoing, 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 subsection).

(d) During the term of the Franchise Agreement, there is no geographical limitation on these restrictions, meaning that Franchisee and each of its Owners shall not engage in the conduct referred to in subsection 3(c) at any location. During the two year period following the later of: (i) the termination, regardless of cause, or expiration of the Franchise Agreement; (ii) a Transfer, as defined in the Franchise Agreement; or (iii) the date of a final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3, these restrictions shall apply:

(1) at the location of the Franchised Business;

(2) within the Territory assigned to the Franchised Business and within ten (10) miles of the outer boundaries of the Territory assigned to the Franchised Business;

(3) within ten (10) miles of the location of any other Hair by Danyelli Laurette Saloon & Cafe; and within the territory assigned to any Hair by Danyelli Laurette Saloon & Cafe and within ten (10) miles of the outer boundaries of the territory assigned to any other Hair by Danyelli Laurette Saloon & Cafe, owned, in operation, under development or to be developed by Franchisor, its affiliates, franchisees of Franchisor and/or its affiliates as of (i) the date of the Franchise Agreement; (ii) as of the date of (a)

termination (regardless of the cause for termination) or expiration of the Franchise Agreement or (b)a Transfer of the franchise, as defined in the Franchise Agreement; or (iii) as of the date of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3.

(e) Franchisee and its Owners further covenant and agree that for a period of two years following the expiration or termination of the Franchise Agreement or a Transfer, Franchisee and its Owners will not either directly or indirectly for itself or through, on behalf of or in conjunction with any person, firm, partnership, corporation or other entity, sell, assign, lease or transfer the Franchised Business location to any person, firm, partnership corporation or other entity that Franchisee or its Owners know or has reason to know intends to operate a Competitive Business at the Franchised Business location.

(f) Franchisee and its Owners covenant not to engage in any activity which might injure the goodwill of the Principal Trademarks or the System at any time. This provision shall survive termination of this Agreement.

(g) Franchisee and its Owners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, the enforcement of the covenants made in this Section 3 will not deprive Franchisee or its Owners of their personal goodwill or ability to earn a living.

(h) Franchisee and its Owners agree and acknowledge that each of the covenants contained herein are reasonable limitations as to time, geographical area and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the know-how, reputation, goodwill and other legitimate business interests of Franchisor and its affiliates. Franchisee and its Owners also agree and acknowledge that Franchisor's legitimate business interests include but are not limited to: (i) maintaining the confidential nature of the Confidential Information; (ii) preserving the Franchisor's ability to develop franchises at or near the Franchisee's former Franchised Business location, within the Franchisee's Territory and within the territorial boundaries of the restrictive covenant described above in subsection 3(d); (iii) preventing potential customer confusion; (iv) protecting other franchisees from competition from Franchisee and its Owners; and (v) protecting the System as a whole including the franchisee network. If any provision of this Confidentiality, Non-Use and Non-Competition Agreement (including any sentences, clauses, or any part thereof) shall be held contrary to law or incomplete or unenforceable in any respect, the remaining provisions shall not be affected but shall remain in full force and effect; any invalidated provisions shall be severed and this Agreement modified to the extent necessary to render it valid and enforceable.

(i) Franchisor shall have the right to reduce the scope of any covenant contained in this Section 3 effective immediately upon receipt by Franchisee and its Owners of written notice and Franchisee and its Owners agree to comply forthwith with any covenants as so modified which will be enforceable notwithstanding the provisions of Section 6.

4. Enforcement

Franchisee and its Owners acknowledge that violation of the covenants contained in this Agreement would result in immediate and irreparable injury to Franchisor and its affiliates for which no adequate remedy at law will be available. Accordingly, Franchisee and its Owners hereby consent to the entry of an injunction procured by Franchisor and/or its affiliates prohibiting any conduct by Franchisee and its Owners in violation of the terms, covenants and/or restrictions of this Agreement without the need of a bond. Franchisee and its Owners expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these terms, covenants and/or restrictions was accomplished by and through

my unlawful utilization of the Confidential Information. Further, Franchisee and its Owners expressly agree that any claims Franchisee and its Owners may have against Franchisor and/or its affiliates will not constitute a defense to the enforcement of the terms, covenants and/or restrictions set forth in this Agreement by Franchisor and/or its affiliates. Franchisee and its Owners further agree to pay all costs and expenses (including attorneys' fees, experts' fees, court costs and all other expenses of litigation) incurred by Franchisor and/or its affiliates in connection with the enforcement of the terms, covenants and/or restrictions of this Agreement.

5. Definitions

a. The term "affiliates" (with respect to Franchisee) means any and all corporations, limited liability companies, partnerships, trusts or other entities controlling, controlled by or under common control with Franchisee, including but not limited to subsidiaries, parents and sibling entities.
b. The term "control" shall mean the control or ownership of ten percent (10%) or more of the beneficial interest in the person or entity referred to.
c. The term "Competitive Business" means (i) any hair salon business which is the same as or substantially similar to the Franchised Business or offers to sell or which sells any products or services which are the same or substantially similar to any of the products or services offered by the Franchised Business (including but not limited to salon businesses offer haircutting, styling, and related salon services, as well as selling hair care and styling products, featuring a specialized menu and alcoholic beverages), or (ii) any business granting franchises or licenses to others to operate such a business (other than a franchised business operated under a franchise agreement with Franchisor).
d. The term "Owners" shall mean any individual or entity (including all spouses, partners, members or shareholders of such individual or entity) that has any direct or indirect ownership interest of over five percent (5%) in Franchisee, (or at such later time as they assume such status) whether or not such interest is of record, beneficially or otherwise. The term "Owners" shall also include individuals, partners, members and shareholders and (spouses of such individuals, partners, members and shareholders) with an ownership interest of over five percent (5%) in any partnership, corporation or limited liability company that holds a controlling interest in the Franchisee entity.
e. Any capitalized term that is not defined in this Agreement shall have the meaning given to it in the Franchise Agreement.

6. Miscellaneous

(a) Franchisor and/or its affiliates make no representations or warranties as to the accuracy or completeness of the Confidential Information provided to Franchisee and shall not be liable, directly or indirectly, to Franchisee, its Owners or any of Franchisee's affiliates as a result of any use of the Confidential Information by or on behalf of Franchisee, its Owners and/or its affiliates. Franchisee and its Owners specifically waive any and all claims for any loss or damage suffered by it due to their use of the Confidential Information and agree to indemnify and hold Franchisor and its affiliates harmless for any claims made against Franchisor and/or its affiliates based upon the provision by Franchisee or its Owners of the Confidential Information to third parties.

(b) This Confidentiality, Non-Use and Non-Competition Agreement shall be binding upon and shall inure to the benefit of Franchisee, its Owners, Franchisor and their respective subsidiaries, affiliates, successors and assigns.

(c) This Confidentiality, Non-Use and Non-Competition Agreement shall be governed by the laws of the State of New York without recourse to New York (or any other) choice of law or conflict of law principles.

(d) This Agreement contains the complete understanding of Franchisee and its Owners and Franchisor with respect to the Confidential Information and this Confidentiality, Non-Use and Non-Competition Agreement shall not be amended without the prior written consent of the parties.

(e) This Agreement may be executed in counterparts and each copy so executed and delivered shall be deemed an original.

7. Choice of Law and Venue

(a) This Agreement is to be exclusively construed in accordance with and/or governed by the laws of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the Franchised Business is located outside of New York and the provision would be enforceable under the laws of the state in which the Franchised Business is located, then that provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise apply.

(b) Franchisee and its Owners agree to institute any litigation arising out of or related to this Agreement or the Franchise Agreement; any breach of the Franchise Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, exclusively in a court of competent jurisdiction which is either a New York state court in New York, New York or the United States District Court for the Southern District of New York. The undersigned hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). The undersigned further agree that Franchisor may institute any litigation that it commences arising out of or related to this Agreement or the Franchise Agreement; any breach of this Agreement or the Franchise Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, in any court of competent jurisdiction, wherever situated, that Franchisor selects. The undersigned agree that any dispute as to the venue for the litigation Franchisor institutes will be submitted to and resolved exclusively by the court of competent jurisdiction in which Franchisor commenced the litigation. The undersigned hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). All depositions in connection with any litigation between the parties shall be held in the jurisdiction and venue where any such litigation is commenced.

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

Franchisee: _____

_____

By: _____
Its: _____

Owner: _____

_____

Franchisor: DLS HSC Global Inc.

_____

By: _____
Its: _____

CONFIDENTIALITY, NON-USE AND NON-COMPETITION AGREEMENT FORM

This Confidentiality, Non-Use and Non-Competition Agreement ("Agreement"), dated this_____ day of _____, _____, by and between _____ ("Franchisee") having an address at _____and _____ having an address at _____ _____ ("Recipient"),

W I T N E S S E T H:

WHEREAS, Franchisee is principally engaged in the operation of a salon business offering haircutting, styling, and related products and services, featuring a specialized menu and alcoholic beverages under the name Hair by Danyelli Laurette Saloon & Cafe (the Franchised Business") pursuant to a franchise agreement with DLS HSC Global Inc. ("Franchise Agreement");

WHEREAS, Recipient is an individual or enterprise who is about to be employed by Franchisee, has entered into some form of contractual relationship with Franchisee or is considering the same; and

WHEREAS, during the course of the relationship between Franchisee and Recipient certain information, knowledge, know-how, methods and procedures some of which constitute trade secrets under applicable law has been and/or will be provided to and received by Recipient regarding the Franchisor, its affiliates and its subsidiaries and the development, management and operation of Hair by Danyelli Laurette Saloon & Cafe franchised businesses, which Franchisor and its affiliates consider proprietary (collectively "Confidential Information"), including without limitation: (a) the Confidential Operating Manual; (b) operational specifications, standards, systems and procedures and knowledge and experience used in developing and operating the System; (c) recipes, preparation instructions and methods for preparation of various menu items and inventory system methods including those relating to inventory control, storage, product and handling; (d) site selection criteria; (e) training and operations materials and manuals; (f) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (g) business forms and accounting procedures; (h) Advertising Materials, Social Media Materials and use of Social Media Platforms; (i) database material, customer lists, records, files, instructions and other proprietary information; (j) identity of suppliers and knowledge of supplier discounts, specifications, processes, services, procedures and equipment, contract terms, pricing for authorized products, materials, supplies and equipment; (k) computer software or similar technology which is proprietary to Franchisor or its affiliates, including without limitation digital passwords and identifications and any source code, as well as data, reports and other printed materials; (l) knowledge of the operating results and financial performance of the System other than the Franchised Business; and (m) graphic designs and related intellectual property.

NOW, THEREFORE, for One Dollar ($1.00) and other good and valuable consideration, receipt of which is hereby acknowledged the parties hereto agree as follows:

1. Acknowledgment

(a) Recipient acknowledges that Recipient has been and/or will be given access to the Confidential Information during the course of the relationship between Franchisee and Recipient.

(b) Recipient acknowledges that (i) Franchisor and its affiliates own all right, title and interest in and to the System; (ii) the System consists of trade secrets, Confidential Information and know-how that gives the Franchisor and its affiliates a competitive advantage; (iii) the Franchisor and its affiliates have taken all measures necessary to protect the trade secrets, Confidential Information and know-how comprising the System; (iv) all Confidential Information now or hereafter

provided or disclosed to Recipient regarding the System is disclosed in confidence; (v) Recipient has no right to disclose any Confidential Information to anyone who is not an employee, agent or independent contractor of Franchisee; (vi) Recipient will not acquire any ownership interest in the System; and (vii) Recipient's use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which Franchisor would be entitled to all legal and equitable remedies, including injunctive relief without posting a bond.

2. Non-Disclosure and Return of Confidential Information

(a) Recipient pledges and agrees that for a period commencing on the date of the Franchise Agreement and continuing thereafter, in the absence of prior written consent by Franchisee: (i) will keep all Confidential Information in strict confidence; (ii) will not communicate or disclose Confidential Information to any unauthorized person or entity; (iii) will not use the Confidential Information for any purpose other than as directed by and needed for Franchisee's use; (iv) will not reproduce the Confidential Information.

(b) Confidential Information provided by Franchisor, its affiliates and/or Franchisee to Recipient in the course of the parties' relationship shall be returned to Franchisee immediately upon termination or expiration of Recipient's relationship with Franchisee. Recipient shall not retain any book, record, report, design, plan, material, copy, note, abstract, compilation, summary, extract or other reproduction, whether in paper or electronic form, of the Confidential Information and shall not retain any copy, note or extract of such Confidential Information, except as the parties hereto may agree in writing.

3. Covenants

(a) Recipient acknowledges that Franchisee has entered into the relationship described above in consideration of and reliance upon, among other things, Recipient's agreement to: deal exclusively with Franchisee; maintain the confidentiality of all of the Confidential Information; refrain from using any Confidential Information in any manner not permitted by Franchisor, its affiliates and/or Franchisee in accordance with Section 2 above; and protect and preserve the goodwill of the Franchisor.

(b) Recipient further acknowledges and agrees that (i) pursuant to its relationship with Franchisee, it will have access from the Franchisor, its affiliates and/or Franchisee to valuable trade secrets, specialized training and Confidential Information regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; (ii) the System and the opportunities, associations, and experience established by Franchisor and acquired by Recipient pursuant to its relationship with Franchisee are of substantial and material value; (iii) in developing the System, Franchisor and its affiliates have made and continue to make substantial investments of time, technical and commercial research and money; (iv) Franchisor would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information about Hair by Danyelli Laurette Saloon & Cafe franchises if recipients were permitted to hold interests in Competitive Businesses; and (v) restrictions on Recipient's right to hold interest in or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder Recipient's activities.

(c) Accordingly, Recipient covenants and agrees that during the term of the Recipient's relationship with Franchisee and for an uninterrupted period of two (2) years after the later of: (i) the termination (regardless of cause of termination) or expiration of Recipient's relationship with Franchisee (regardless of the cause for termination or expiration); or (ii) the date of a final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3, Recipient shall not directly or indirectly for itself or through on behalf of or in conjunction with any person, firm, partnership corporation or other entity in any manner whatsoever:

(1) Divert or attempt to divert any actual or potential business or customer of Hair by Danyelli Laurette Saloon & Cafe to any competitor;

(2) Take any action or engage in any activity injurious or prejudicial to the goodwill associated with the Principal Trademarks and the System;

(3) Employ or seek to employ any person who is then employed or who was employed within the immediately preceding twenty-four (24) months, by Franchisor, its affiliates, Franchisee or any Hair by Danyelli Laurette Saloon & Cafe franchisee or develop, or otherwise directly or indirectly induce such person to leave his or her employment without obtaining the employer's prior written permission; or

(4) Own, maintain, develop, operate, engage in, franchise or license, make loans or gifts to or have any direct or indirect interest in or render services as a director, officer, manager, employee, consultant, representative, or agent or give advice to any Competitive Business (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 subsection).

(d) During the term of the Recipient's relationship with Franchisee, there is no geographical limitation on these restrictions, meaning that Recipient shall not engage in the conduct referred to in subsection 3(c) at any location. During the two year period following the later of: (i) the termination (regardless of the cause for termination) or expiration of Recipient's relationship with Franchisee; or (ii) the date of a final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3, these restrictions shall apply:

(1) at the location of the Franchisee's Franchised Business;

(2) within the Territory assigned to the Franchisee's Franchised Business and within ten (10) miles of the outer boundaries of the Territory assigned to the Franchisee's Franchised Business;

(3) within ten (10) miles of the location of any other Hair by Danyelli Laurette Saloon & Cafe; and within the territory assigned to any Hair by Danyelli Laurette Saloon & Cafe and within ten (10) miles of the outer boundaries of the territory assigned to any Hair by Danyelli Laurette Saloon & Cafe, owned, in operation, under development or to be developed (1) as of the date of this Agreement; (2) as of the date of termination (regardless of the cause for termination) or expiration of Recipient's employment or contractual relationship with Franchisee; and (3) as of the date of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3.

(e) Recipient further covenants and agrees that for a period of two (2) years following the expiration or termination of Recipient's relationship with Franchisee, Recipient will not either directly or indirectly for itself or through, on behalf of or in conjunction with any person, firm, partnership, corporation or other entity, sell, assign, lease or transfer the Franchisee's Franchised Business location to any person, firm, partnership corporation or other entity that Recipient knows or has reason to know intends to operate a Competitive Business at the Franchisee's Franchised Business location.

(f) Recipient covenants not to engage in any activity which might injure the goodwill of the Principal Trademarks or the System at any time. This provision shall survive termination of the Recipient's relationship with Franchisee.

(g) Recipient acknowledges that his or her skills and abilities are of a general nature and Recipient has other opportunities for exploiting these skills. Consequently, the enforcement of the covenants made in this Section 3 will not deprive Recipient of his or her personal goodwill or ability to earn a living.

(h) Recipient agrees and acknowledges that each of the covenants contained herein are reasonable limitations as to time, geographical area and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the know-how, reputation, goodwill and other legitimate business interests of Franchisor, its affiliates and Franchisee. Recipient also agrees and acknowledges that the reputation, goodwill and foregoing are legitimate business interests of Franchisor, its affiliates and Franchisee and they require the protection of the covenants contained herein. The legitimate business interests of Franchisor, its affiliates and Franchisee also include but are not limited to: (i) maintaining the confidential nature of the Confidential Information; (ii) preserving the Franchisor's ability to develop franchises at or near the Franchised Business location, within the Territory assigned to the Franchisee and within the territorial boundaries of the restrictive covenant described above in subsection 3(d); (iii) preventing potential customer confusion; (iv) protecting Franchisee and other franchisees from competition from Recipient; and (v) protecting the System as a whole including the franchisee network. If any provision of this Confidentiality, Non-Use and Non-Competition Agreement Form (including any sentences, clauses, or any part thereof) shall be held contrary to law or incomplete or unenforceable in any respect, the remaining provisions shall not be affected but shall remain in full force and effect; any invalidated provisions shall be severed and this Agreement modified to the extent necessary to render it valid and enforceable.

(i) Franchisor, its affiliates and Franchisee shall have the right to reduce the scope of any covenant contained in this Section 3 effective immediately upon Recipient's receipt of written notice and Recipient agrees to comply forthwith with any covenants as so modified which will be enforceable notwithstanding the provisions of Section 6.

4. Enforcement

Recipient acknowledges that violation of the covenants contained in this Agreement would result in immediate and irreparable injury to Franchisee, Franchisor and its affiliates for which no adequate remedy at law will be available. Accordingly, Recipient hereby consents to the entry of an injunction procured by Franchisee, Franchisor and/or its affiliates prohibiting any conduct by Recipient in violation of the terms, covenants and/or restrictions of this Agreement without the need of a bond. Recipient expressly agrees that it may conclusively be presumed in any legal action that any violation of the terms of these terms, covenants and/or restrictions was accomplished by and through my unlawful utilization of the Confidential Information. Further, Recipient expressly agrees that any claims Recipient may have against Franchisee, Franchisor and/or its affiliates will not constitute a defense to the enforcement of the terms, covenants and/or restrictions set forth in this Agreement by Franchisee, Franchisor and/or its affiliates. Recipient further agrees to pay all costs and expenses (including attorneys' fees, experts' fees, court costs and all other expenses of litigation) incurred by Franchisee, Franchisor and/or its affiliates in connection with the enforcement of the terms, covenants and/or restrictions of this Agreement.

5. Definitions

(a) The term "affiliates" (with respect to Recipient) means any and all corporations, limited liability companies, partnerships, trusts or other entities controlling, controlled by or under common control with Recipient, including but not limited to subsidiaries, parents and sibling entities.

(b) The term "control" shall mean the control or ownership of ten percent (10%) or more of the beneficial interest in the person or entity referred to.

(c) The term "Competitive Business" means: (i) any hair salon business which is the same as or substantially similar to the Franchised Business or offers to sell or which sells any products or services which are the same or substantially similar to any of the products or services offered by the Franchised Business (including but not limited to salon businesses offer haircutting, styling, and related salon services, as well as selling hair care and styling products, featuring a specialized menu and alcoholic beverages), or (ii) any business granting franchises or licenses to others to operate such a business (other than a franchised business operated under a franchise agreement with Franchisor).

(d) The term “Owner” means any individual or entity (including all spouses, partners, members or shareholders of such individual or entity) that has any direct or indirect ownership interest of five percent (5%) or more in Recipient (or at such later time as they assume such status), whether or not such interest is of record, beneficially or otherwise. The term “Owners” shall also include individuals, partners, members and shareholders and (spouses of such individuals, partners, members and shareholders) with an ownership interest of five percent (5%) or more in any partnership, corporation or limited liability company that holds a controlling interest in the Recipient entity.

6. Miscellaneous.

(a) Franchisee, Franchisor and its affiliates make no representations or warranties as to the accuracy or completeness of the Confidential Information provided to Recipient and shall not be liable, directly or indirectly, to Recipient or any of Recipient's affiliates as a result of any use of the Confidential Information by or on behalf of Recipient and/or its affiliates. Recipient specifically waives any and all claims for any loss or damage suffered by it due to its use of the Confidential Information and agrees to indemnify and hold Franchisee, Franchisor and its affiliates harmless for any claims made against Franchisee, Franchisor and/or its affiliates based upon Recipient's provision of the Confidential Information to third parties.

(b) If all or any portion of the covenants not to compete set forth in this Agreement are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court, arbitrator or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. Recipient acknowledges and agrees to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenants were separately stated in and made a part of this Agreement.

(c) This Agreement shall be binding upon and shall inure to the benefit of Franchisee and Recipient and their respective subsidiaries, affiliates, successors and assigns.

(d) This Agreement contains the complete understanding of Recipient and Franchisee with respect to the Confidential Information and this Agreement shall not be amended without the prior written consent of the parties.

(e) Recipient acknowledges that Franchisor, its affiliates, successors and assigns, are third-party beneficiaries under this Agreement and may enforce this Agreement. Recipient further acknowledges that: (i) a copy of this Agreement is being delivered to Franchisor; (ii) Franchisor is relying on the parties’ compliance with this Agreement; and (iii) this Agreement may not be amended, or terminated nor any rights or obligations of Recipient waived hereunder without the prior written consent of the Franchisor.

(f) This Agreement may be executed in counterparts and each copy so executed and delivered shall

be deemed an original.

7. Choice of Law and Venue

(a) This Agreement is to be exclusively construed in accordance with and/or governed by the laws of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the Franchised Business is located outside of New York and the provision would be enforceable under the laws of the state in which the Franchised Business is located, then that provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise apply.

(b) Recipient and Franchisee agree to institute any litigation that the undersigned may commence arising out of or related to this Agreement or the Franchise Agreement; any breach of the Franchise Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, exclusively in a court of competent jurisdiction which is either a New York state court in New York, New York or the United States District Court for the Southern District of New York. The undersigned hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). The undersigned further agree that Franchisor may institute any litigation that it commences arising out of or related to this Agreement or the Franchise Agreement; any breach of this Agreement or the Franchise Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, in any court of competent jurisdiction, wherever situated, that Franchisor selects. The undersigned agree that any dispute as to the venue for the litigation Franchisor institutes will be submitted to and resolved exclusively by the court of competent jurisdiction in which Franchisor commenced the litigation. The undersigned hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). All depositions in connection with any litigation between the parties shall be held in the jurisdiction and venue where any such litigation is commenced.

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

Recipient: _____

By: _____

Franchisee:_____

_____

By: _____

Its: _____

EXHIBIT 3

DESIGNATED AREA, FRANCHISE LOCATION, PROTECTED AREA, AND OPENING DATE

1. DESIGNATED AREA:

The Designated Area in which your Hair by Danyelli Laurette Saloon & Cafe Franchised Business may be located is:

_____

_____

2. FRANCHISE LOCATION:

The Hair by Danyelli Laurette Saloon & Cafe Franchised Business shall be located at the following address: _____

3. PROTECTED AREA: **[Insert description and attach map]**

The Protected Area shall be: _____

4. OPENING DATE: The Opening Date of the Hair by Danyelli Laurette Saloon & Cafe Franchised Business is _____, 20___.

FRANCHISOR:
DLS HSC Global Inc.

_____

By: _____
Its: _____

FRANCHISEE:

_____

By: _____
Its: _____

EXHIBIT 4

OWNERSHIP INFORMATION

A. The following is a list of all shareholders, partners, investors or any other person(s) owning a direct or indirect interest in the Franchisee, the percentage of ownership interest and a description of any such interest:

NAME	PERCENTAGE OF OWNERSHIP INTEREST	DESCRIPTION OF OWNERSHIP INTEREST

B. Franchisee's Principal Owner is: _____

C. Franchisee's General Manager is: _____

D. Franchisee's Assistant Managers are: _____

FRANCHISOR:
DLS HSC Global Inc.

_____

By: _____
Its: _____

FRANCHISEE:

_____

By: _____
Its: _____

EXHIBIT 5

ELECTRONIC FUNDS AUTHORIZATION

1. As of the effective date of the Franchise Agreement (the "Agreement") and throughout the term of the Agreement, Franchisee agrees to establish and maintain a segregated bank account at a bank or other financial institution which Franchisor approves (the "Bank Account"). Franchisee may, in Franchisor's discretion, be required to establish and maintain an electronic funds transfer account ("EFT Account") and Franchisor or any affiliate may withdraw funds from the EFT Account in the amount of the Royalty, Advertising Fund Contribution and any other amounts due to Franchisor or any affiliates of Franchisor. Withdrawals may be made on the first business day the Royalty, Advertising Fund Contribution or any other amounts defined in the Agreement become due or on any succeeding day thereafter and the amount of the withdrawal will be based on Gross Revenues. The Bank Account must be established and maintained solely for the purposes set forth in the Agreement and the Confidential Operating Manual.

2. All Gross Revenues, as defined in the Agreement, shall be deposited into the Bank Account. Check stubs, bank statements and other records must be available for review in the event of an audit. Franchisee may use the Hair by Danyelli Laurette Saloon & Cafe trademark on trust or bank account checks, but only as part of the trade name and a statement that the Franchised Business is an "independently owned and operated Hair by Danyelli Laurette Saloon & Cafe business" must appear on the face of all such checks.

3. If Franchisor so requires, Franchisee agrees to instruct the institution holding the Bank Account to allow Franchisor or its affiliates access to the Bank Account for collection of Royalties, Advertising Fund Contributions and all other fees and payments provided for in the Agreement, as well as access to any and all records Franchisor deems necessary to review. The Bank Account must have the capacity to make payments and receive credits through electronic debiting. Franchisee hereby grants to Franchisor or its affiliates the right upon Franchisor's election to debit the Bank Account (electronically or otherwise) for Royalties, Advertising Fund Contributions and any other amounts due and any and all amounts Franchisee owes Franchisor or its affiliates under the Agreement and Franchisee agrees to execute whatever documents the institution holding the Bank Account and Franchisor's financial institutions may require for this purpose. Under no circumstances will Franchisor's access to the Bank Account be deemed Franchisor's control or the joint control of the Bank Account. Franchisee shall execute and/or provide any documents or information necessary to fulfill these requirements.

4. Franchisee agrees to continuously maintain a minimum balance in the Bank Account adequate to cover the Franchisee's obligations under the Agreement or some higher continuous minimum balance as Franchisor deems reasonably necessary. Franchisee agrees to reimburse Franchisor for all costs Franchisor incurs in collecting or attempting to collect funds due to Franchisor and/or its affiliates from the Bank Account (for example and without limitation, charges for insufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the Bank Account balance as required by the terms of the Agreement).

5. Franchisor will notify Franchisee of the date and amount of each debit Franchisor makes from Franchisee's Bank Account at the time and in the manner specified in the Confidential Operating Manual.

6. The Bank Account must be established so that Franchisor can audit it at any time upon notice to Franchisee. If an electronic funds transfer system enabling Franchisor to electronically debit

Franchisee's Bank Account is not functioning at any time for any reason, Franchisee agrees to ensure that Franchisor and/or its affiliates otherwise receive payment for any and all amounts due Franchisor and/or its affiliates and by the date due, in the form of a check, money order or any other form acceptable to Franchisor.

7. Upon the termination or expiration of the Agreement, Franchisee agrees to keep the Bank Account open and to continue Franchisor's ability to debit the Bank Account until Franchisee has satisfied all financial obligations to Franchisor and its affiliates.

Franchisee:_____

_____

By: _____

Its: _____

Franchisor: DLS HSC Global Inc.

_____

By: _____

Its: _____

EXHIBIT 6

COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

This Collateral Assignment and Assumption of Lease Agreement ("Agreement"), is made as of this ____ day of _____, _____, by and between DLS HSC Global Inc. ("Franchisor") having an address at 500 Pondside Drive, Unit 3B, White Plains, New York 10607; _____ having an address at _____ _____ ("Franchisee"); and _____ having an address at _____ ("Landlord"),

RECITALS:

WHEREAS, Franchisor is principally engaged in the business of developing and selling franchises under the trademark Hair by Danyelli Laurette Saloon & Cafe;

WHEREAS, Franchisee is an individual or enterprise that has entered into a Franchise Agreement with Franchisor dated _ to operate a Hair by Danyelli Laurette Saloon & Cafe Franchised Business (the "Franchise Agreement");

WHEREAS, Franchisee has entered into a lease agreement ("Lease") for the premises located at _____ _____ ("Premises") from which to operate its Hair by Danyelli Laurette Saloon & Cafe Franchised Business; and

WHEREAS, Franchisee delivers this Agreement to the Franchisor as a condition of the Franchisor's consent to the Lease.

NOW, THEREFORE, for One Dollar ($1.00) and other good and valuable consideration, receipt of which is hereby acknowledged the parties hereto agree as follows:

(a) The parties agree and acknowledge that the recitals listed above are true and correct and that the recitals shall be incorporated by reference into this Agreement.

(b) Franchisee conditionally assigns to Franchisor all of the Franchisee's rights, title and interest in and to the Lease: (i) as collateral for the Franchisee's performance of all of its obligations to the Landlord arising under the Lease; (ii) as collateral for the Franchisee's performance of all of its obligations to Franchisor under the Franchise Agreement; and (iii) to protect Franchisor in the event that the Franchise Agreement expires or is terminated either by Franchisor or Franchisee for any reason prior to the expiration of the Lease.

(c) Upon: (i) a default by Franchisee under the Lease, as defined in the Lease, beyond the expiration of any applicable cure period; (ii) a default by Franchisee under the Franchise Agreement beyond the expiration of any applicable cure period; or (iii) in the event the Franchise Agreement expires or is terminated by Franchisor or Franchisee for any reason, Franchisor shall have the right, but not the obligation to take this assignment by giving written notice to Landlord as provided herein, and is hereby empowered to take possession of the Premises demised by the Lease and assume all of the rights, title and interest of Franchisee in the Lease, in which event Franchisor may expel Franchisee from the Premises and Franchisor shall have all other remedies described herein or in the Franchise Agreement, or at law or in equity, without prejudice to any other rights or remedies of Franchisor under any other agreement or under other applicable laws or equities. In such event, Franchisee shall have no further right, title or interest in the Lease or possession of the Premises, but shall remain liable for all unpaid rents and fees owed under the Lease to Landlord as of the date of the Franchisor's assumption of the Lease. Franchisor may exercise self-help to obtain possession and Landlord shall cooperate and provide whatever legal action is necessary (at no cost to Landlord) to obtain possession.

(d) In no event shall Franchisor be responsible for any past due or other defaulted amounts due to Landlord or any other third party incurred by Franchisee prior to Franchisor's assumption of the Lease. In the event that Franchisor pays any past due or other defaulted amounts to Landlord or any other third party on behalf of an obligation, debt or liability

incurred by Franchisee prior to the Franchisor's assumption of the Lease, Franchisee agrees to reimburse Franchisor for Franchisor's payments within five (5) calendar days after receipt of Franchisor's written notice of the same.

(e) Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

(f) Franchisee shall not permit Franchisor's security interest in the Lease to be subordinate to any lien, except for Landlord's rights, without first obtaining Franchisor's written consent.

(g) It is understood and agreed that the provisions set forth in this Agreement are deemed an additional remedy given to Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between Franchisor and Franchisee and shall be cumulative with the remedies therein and elsewhere granted to Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by Franchisor of any of the rights hereunder will cure, waive or affect any default under the Lease or default under the Franchise Agreement. No inaction or partial exercise of rights by Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by Franchisor of any such rights and remedies shall be construed as a waiver by Franchisor of any future rights and remedies.

(h) This Agreement and all provisions hereof shall (i) be binding upon Franchisee, its successors, assigns and legal representatives and all other persons or entities claiming under them or through them, (ii) shall inure to the benefit of Franchisor and Franchisor's assigns or successors, and (iii) shall be binding upon Landlord and Landlord's successors and assigns. The term "Franchisee" when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

(i) Franchisee agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Franchisor. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

(j) Franchisee agrees to indemnify and hold Franchisor and its stockholders, partners, members, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, the Franchisee's breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

(k) Franchisee represents and warrants to Franchisor that it has full power and authority to so assign the Lease and its interest therein and that Franchisee has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the Premises demised thereby.

(l) All notices and communications provided for hereunder shall be given in accordance with the notice provisions of the Franchise Agreement. Franchisee and Franchisor are parties or the notice provisions of the Lease to which Franchisee and Landlord are parties. Landlord agrees to provide an additional notice to Franchisor of all notices sent to Franchisee within the time periods provided for in the Lease. Prior to Landlord exercising any rights contained in the Lease to terminate the Lease, such as by sending a notice of termination to Franchisee, Landlord shall provide fifteen (15) days' notice of such intent to Franchisor, within which time Franchisor may exercise its rights to take this Assignment by written notice to Landlord delivered within that 15 day period, which shall nullify any termination notice.

(m) If any provision of this Agreement (including any sentences, clauses, or any part thereof) shall be held contrary to law or incomplete or unenforceable in any respect, the remaining provisions shall not be affected but shall remain in full force and effect; any invalidated provisions shall be severed and this Agreement modified to the extent necessary to render it valid and enforceable.

(n) This Agreement shall be governed by the laws of the State of New York without recourse to New York (or any other) choice of law or conflict of law principles.

(o) The parties agree to institute any litigation arising out of or related to this Agreement; any breach of this Agreement; the relations between the parties, and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, exclusively in a court of competent jurisdiction which is either a New York state court in, New York, New York or the United States District Court for the Southern District of New York. The parties agree that any dispute as to the venue for any litigation the Franchisee institutes will be submitted to and resolved exclusively by either a New York state court as described herein or the United States District Court for the Southern District of New York. The parties hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). All depositions in connection with any litigation between the parties shall be held in the jurisdiction and venue indicated above.

(p) Franchisee authorizes Franchisor and its affiliates to record a copy of this Agreement (or a memorandum concerning this Agreement) and any other documents required by Franchisor. Franchisee shall execute all such documents necessary to record the same and shall cooperate with Franchisor in all respects with the recording of the same. Franchisee explicitly affirms and recognizes the value of the lease for the Franchised Business location and Franchisee agrees that any non-compliance by Franchisee with Franchisor's right (but not obligation) to take possession of the Franchised Business location and assume all of Franchisee's rights, title and interest in the lease will cause irreparable damage to Franchisor, the System and other Hair by Danyelli Laurette Saloon & Cafe franchisees for which no adequate remedy at law will be available.

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

Franchisee: _____

_____

By: _____
Its: _____

Franchisor: DLS HSC Global Inc.

_____

By: _____
Its: _____

Landlord: _____

_____

By: _____
Its: _____

EXHIBIT 7

ASSIGNMENT OF TELEPHONE AND INTERNET LISTINGS AND ADVERTISEMENTS

Pursuant to its obligations under a certain franchise agreement dated _____, _____, by and among DLS HSC Global Inc. as Franchisor and _____ as Franchisee (the "Franchise Agreement"), for good and valuable consideration the receipt and sufficiency is hereby acknowledged, does hereby assign, sell, transfer and convey to DLS HSC Global Inc., all of Franchisee's right, title and interest as of the date hereof in and to all telephone, facsimile and other numbers, telephone directory listings, email addresses, domain names, website addresses, URLs, Internet and website directory listings, web based platform and program accounts, including but not limited to Social Media Platform (as defined in the Franchise Agreement) accounts and other media in which the Franchised Business is listed or the Principal Trademarks displayed (collectively "Telephone and Internet Listings and Advertisements") in existence as of the date of the expiration or termination of the Franchise Agreement.

Without limitation, the Telephone and Internet Listings and Advertisements include the following:

Telephone, facsimile and other numbers: _____
_____

Telephone directory listings: _____
_____
_____
_____

Email addresses: _____
_____

Domain names: _____
_____

Website addresses: _____
_____

URLs:_____
_____

Internet and website directory listings: _____
_____
_____
_____
_____

Web based platform and program accounts, including but not limited to Social Media Platform accounts: _____
_____
_____

Other Media referencing the Franchised Business: _____

Upon the expiration or termination of the Franchise Agreement, Franchisor shall have the right but not the obligation, and is hereby authorized to take possession of the Telephone and Internet Listings and Advertisements and assume all of the rights, title and interest of the Franchisee in the Telephone and Internet Listings and Advertisements.

Franchisee represents and warrants to DLS HSC Global Inc. that it is the lawful owner of the Telephone and Internet Listings and Advertisements, and that Franchisee has the right to assign the Telephone and Internet Listings and Advertisements free and clear of any interest therein.

Franchisee hereby appoints DLS HSC Global Inc. and/or its successors and assigns as attorney-in-fact for Franchisee to execute such documents as are necessary or desirable to effect the assignment of the Telephone and Internet Listings and Advertisements to DLS HSC Global Inc.. Franchisee authorizes DLS HSC Global Inc. and/or its successors and assigns as attorney-in-fact to insert references to those Telephone and Internet Listings and Advertisements in existence as of the date of the expiration or termination of the Franchise Agreement where applicable above at such times as Franchisor may determine, including but not limited to upon the expiration or termination of the Franchise Agreement. Franchisee will, at any time and from time to time after the date hereof, upon the reasonable request of DLS HSC Global Inc., do execute, acknowledge and deliver, or will cause to be done, executed, acknowledged or delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney or assurances as may be required for transferring, assigning, conveying and confirming to DLS HSC Global Inc., or for aiding and assisting in reducing to possession by DLS HSC Global Inc., any of the Telephone and Internet Listings and Advertisements or rights being assigned hereunder, or to vest in DLS HSC Global Inc. good, valid and marketable rights to such Telephone and Internet Listings and Advertisements.

This Assignment of Telephone and Internet Listings and Advertisements shall inure to the benefit of DLS HSC Global Inc. and shall be binding upon Franchisee and its successors and assigns.

IN WITNESS WHEREOF, Franchisee has caused this Assignment of Telephone and Internet Listings and Advertisements to be duly executed this _____ day of _____, ____.

ASSIGNOR:

By: _____

Its
Duly Authorized

STATE OF _____)
) ss.:
COUNTY OF _____)

On _____, ____ before me _____ personally came _____, to me known, who, by me duly sworn, did depose and say that deponent resides at _____, that deponent is the _____ of Franchisee, the corporation described in the foregoing Assignment of Telephone and Internet Listings and Advertisements, and which executed said Assignment of Telephone and Internet Listings and Advertisements, that deponent knows the seal of the corporation, that the seal affixed to the Assignment of Telephone and Internet Listings and Advertisements is the corporate seal, that it was affixed by order of the board of directors of the corporation; and that deponent signed deponent's name by like order.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

_____
Notary Public

My Commission expires:

EXHIBIT 8

STATE AMENDMENTS TO FRANCHISE AGREEMENT

AMENDMENT TO DLS HSC GLOBAL INC.
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

The Franchise Agreement between _____ ("Franchisee") and DLS HSC Global Inc. ("Franchisor") dated _____, 20___ (the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in the franchise documents for franchises offered or sold to either a resident of the State of California or non-resident who will be operating a franchise in the State of California be amended to be consistent with California law, including the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043 (collectively the "Acts"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended and superseded:

a. The Acts provide rights to Franchisee concerning non-renewal and termination of the Agreement. The Federal Bankruptcy Code (11 U.S.C. §101 et seq.) also provides rights to Franchisee concerning termination of the Agreement upon certain bankruptcy-related events. To the extent the Agreement contains a provision that is inconsistent with these laws, these laws will control.

b. If the Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Acts. California Corporations Code 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043.

c. If the Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

d. If the Agreement contains a covenant not to compete which extend beyond the expiration or termination of the Agreement, the covenant may be unenforceable under California law.

e. If the Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.

f. If the Agreement requires that it be governed by a state's law, other than the State of California, such requirement may be unenforceable.

2. The following statement is added to the end of Section V.a. of the Agreement:

Notwithstanding anything to the contrary in this Section V.a, Franchisor shall defer collection of the initial franchise fee and other initial payments owed by Franchisee to Franchisor and/or its affiliates until such time as the franchise is operational.

3. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in

the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

4. NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISEE: _____

BY: _____
NAME: _____
TITLE: _____

DLS HSC Global Inc.

BY: _____
NAME: _____
TITLE: _____

EXHIBIT C

CONFIDENTIAL OPERATING MANUAL TABLE OF CONTENTS

EXHIBIT D

DLS HSC GLOBAL INC.

FINANCIAL STATEMENTS

DLS HSC GLOBAL INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2025

DLS HSC GLOBAL INC.
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MUHAMMAD ZUBAIRY, CPA PC
Certified Public Accountant
646.327.7013

INDEPENDENT AUDITOR'S REPORT

To the Stockholders of
DLS HSC Global Inc.

Opinion

We have audited the financial statements of DLS HSC Global Inc. which comprises the balance sheet as of December 31, 2025 and 2024, and the related statements of operations, and changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of DLS HSC Global Inc. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DLS HSC Global Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DLS HSC Global Inc.'s internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DLS HSC Global Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Muhammad Zubairy, CPA PC
Westbury, NY
February 17, 2026

DLS HSC GLOBAL INC.
BALANCE SHEET

ASSETS

	YEARS ENDED DECEMBER 31	
	2025	2024
Current Assets		
Cash	$ 600	$ 500
Total Current Assets	600	500
Total Assets	$ 600	$ 500

LIABILITITES AND STOCKHOLDERS' EQUITY

Current Liabilities	$ —	$ —
Stockholders' Equity	600	500
Total Liabilities and Stockholders' Equity	$ 600	$ 500

See notes to financial statements

DLS HSC GLOBAL INC.
STATEMENTS OF OPERATIONS AND STOCKHOLDERS' EQUITY

	YEARS ENDED DECEMBER 31	
	2024	2023
Revenues	$ —	$ —
Operating Expenses	—	—
Net Income	—	—
Shareholders' Equity-Beginning	500	—
Shareholders' Contributions (Distributions)	100	500
Shareholders' Equity (Deficit)-Ending	$ 600	$ 500

See notes to financial statements

DLS HSC GLOBAL INC.
STATEMENT OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2024	2023
Cash flows from operating activities:		
Net (Income)	$ —	$ —
Adjustments to reconcile net (loss) to net cash used by operating activities:		
Changes in operating assets and liabilities:	—	—
Cash flows from financing activities		
Stockholders' contributions (distributions)	100	500
Net Increase in Cash	100	500
Cash - Beginning of Year	500	—
Cash - End of year	$ 600	$ 500

See notes to financial statements

1. THE COMPANY

DLS HSC Global Inc. is a corporation incorporated under the NYS Department of State in May 2024. The Company sells franchises the opportunity to own and operate a hair, spa, saloon & café that provide a variety of services for wellness center established by DLS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Accounting*-**The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate franchise, for a specified number of years.

***Concentration of Credit Risk*-**Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

***Use of Estimates*-**The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Taxes on Income- The Company is a "C" Corporation for income tax purposes. There is no accrued tax payable as of December 31, 2025.

3. REVENUE RECOGNITION

The Company will record revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations will be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation will be amortized over the life of the related franchise agreements. Commissions paid for franchises will be amortized over the life of the franchise agreement.

4. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through February 17, 2026, the date the financial statements were available to be issued.

EXHIBIT E

STATE-SPECIFIC DISCLOSURES

ADDENDUM TO DLS HSC GLOBAL INC.
DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

The disclosure document is amended to include the following:

1. Item 2 is amended to reflect that:

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

2. Item 5 is amended by the addition of the following language:

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

3. Item 17 is amended by the addition of the following language:

California Business and Professions Code Sections 20000 through 20043 provide rights to you 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.

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.).

The Franchise Agreement contains covenants not to compete which extend beyond expiration or termination of the Agreement. These provisions may not be enforceable under California law.

The California Corporations Code, Section 31125 requires DLS HSC Global Inc. 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.

If the Franchise Agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires the application of the laws of New York. This provision may be unenforceable under California Law.

You must sign a general release if you renew or transfer your franchise. California Corporations Code Sec. 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). California Business and Professions Code Sec. 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

5. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

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 DLS HSC GLOBAL INC.
DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

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

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

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging:

violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

EXHIBIT F

DLS HSC GLOBAL INC.

LIST OF FRANCHISEES

AS OF DECEMBER 31, 2025

NONE

EXHIBIT G

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:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT H

RECEIPT

DLS HSC Global Inc. FDD # - _____

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 DLS HSC Global Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan, Oregon, Washington and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

IF DLS HSC GLOBAL INC. DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE AGENCIES LISTED IN EXHIBIT A.

The franchisor is DLS HSC Global Inc., 500 Pondside Drive, Unit 3B, White Plains, New York 10607. Its telephone number is (914) 881-1233.

Issuance Date: February 18, 2026.

The franchise seller(s) for this offering is/are (check all that apply):

☐ Danielle Settembre, DLS HSC Global Inc., 500 Pondside Drive, Unit 3B, White Plains, New York 10607. Its telephone number is (914) 881-1233.

☐ Other (Specify name, company, address and telephone number): _____

_____

DLS HSC Global Inc. authorizes the respective state agencies identified on Exhibit A to receive service of process for it in that particular state.

I have received a Franchise Disclosure Document with an issuance date of February 18, 2026 and with effective date(s) of state registration as described in the FDD. This Disclosure Document

included the following Exhibits:

1. State Administrators and Agents for Service of Process
2. Franchise Agreement
3. Confidential Operating Manual Table of Contents
4. Financial Statements
5. State Addenda to Disclosure Document
6. List of Franchisees
7. This Receipt

Date: _____
(Do Not Leave Blank)

Disclosee: _____

Printed name: _____

Disclosee: _____

Printed name: _____

TO BE RETURNED TO:

You may return the signed receipt either by signing, dating, and mailing it to DLS HSC Global Inc. at 500 Pondside Drive, Unit 3B, White Plains, New York 10607, or by scanning and e-mailing a copy of the signed and dated Receipt to desk@hairsaloonandcafe.com.

RECEIPT

DLS HSC Global Inc. FDD # - _____

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 DLS HSC Global Inc. 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.

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3. Confidential Operating Manual Table of Contents
4. Financial Statements
5. State Addenda to Disclosure Document
6. List of Franchisees
7. This Receipt

Date: _____
(Do Not Leave Blank)

Disclosee: _____

Printed name: _____

Disclosee: _____

Printed name: _____

TO BE RETURNED TO:

You may return the signed receipt either by signing, dating, and mailing it to DLS HSC Global Inc. at 500 Pondside Drive, Unit 3B, White Plains, New York 10607, or by scanning and e-mailing a copy of the signed and dated Receipt to desk@hairsaloonandcafe.com.