

FRANCHISE DISCLOSURE DOCUMENT

HOUSE OF COLOUR

House of Colour USA, Inc.

a Virginia Corporation

7 Bell Yard

London, WC2A 2JR

United Kingdom

Phone: +44 1923 211188

Email: info@HouseofColourHQ.com

www.HouseofColour.com

House of Colour businesses provide personal stylist, image consultant, and color analysis and related services to the general public in-person and online within a specified territory (“House of Colour Business(es)”).

The total investment necessary to begin operation of a House of Colour ~~franchised business~~ franchise is ~~between \$33,345 and \$52,000~~ to \$64,260. This includes \$30,000 to \$42,000 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Katherine Wanek, House of Colour USA, Inc., 7 Bell Yard, London, WC2A 2JR, United Kingdom; +44 1923 211188; Franchise@HouseofColour.com.

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

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

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

Issuance Date: August 8, 2025

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Virginia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Virginia than in your own state.
2. **Sales Performance Required Requirement.** You must maintain minimum sales performance levels. ~~If you fail~~ Your inability to do so, you could lose maintain these levels may result in loss of any territorial rights you are granted and/or the franchisor could terminate, termination of your franchise agreement resulting in the and loss of your investment, or both.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreement with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.
5. **Supplier Control.** You must purchase all or nearly all of the inventory and supplies necessary to operate your business from franchisor, its affiliates, or from suppliers that franchisor designates at prices that the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit or your franchised business.

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.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Late Report Fee	\$100 per day, beginning on the first day after report is due	On demand	You are required to submit a monthly report that we specify on the 5 th day of each month. If you fail to submit this report you must pay a \$100 per day late fee beginning on the day following the due date. You must continue to pay this fee until you have submitted the report.
Insurance	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained, plus 20% of the premium as an administrative cost of obtaining the insurance.
Additional Training or Assistance Fees ⁽⁵⁾	Then-current fee (currently \$12,000 per additional person for initial training and \$1,000 per day for any additional training or assistance), plus reasonable travel, meals, lodging and other related expenses	Payable in advance of the training or assistance	We provide initial training at no charge for you (or your operating principal if you are an entity). If we permit additional trainees to attend, the additional training fee for initial training will apply. We may charge you for training additional persons, newly-hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. The fee amount will depend on the training required and experience level of the trainer.
CPD Training	Then-current annual fee (currently \$500)	Fee for first year is payable starting sixth months following the completion of the initial training for color or style, whichever comes first, then annually on that date	We provide annual online CPD Training for all franchisees to keep franchisees' skills up to date. This fee is due regardless of whether or not you participate in the CPD Training. You must pay this fee in advance of your CPD Training.
Failure to Implement Changes or Improvements	Costs we or our representatives incur to implement any required change or improvement required by us if you fail to do so	On invoice	If you do not implement any required changes or improvements required by us within 30 days (or other time specified by us) following a visit to your House of Colour Business, we have the right to do so. You will reimburse us for any related costs we incur.
Supplier and Product Evaluation Fee	Costs of inspection (estimated to be approximately \$100 to \$500)	As incurred	Payable if we inspect a new product, service, or proposed supplier nominated by you.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Taxes ⁽⁸⁾	Reimbursement to us for certain taxes imposed on payments to us	On demand	You must reimburse us for all sales, excise, trademark, franchise, value-added, or similar taxes imposed upon us for collecting any of the fees or payments required under the Franchise Agreement.
Late Fee and Interest ⁽⁹⁾	\$100 per occurrence plus interest at the rate of 1.5% per month or the highest rate allowed by law, whichever is less	On demand	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Non-Sufficient Funds Fee	The greater of \$100 per occurrence, or the highest amount allowed by law	As incurred	Payable if any check or EFT payment is not successful due to insufficient funds, stop payment, or any similar event.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses	On demand	You will be required to pay this if an audit reveals that you understated monthly Gross Revenues by more than three percent (3%).
Indemnification	Will vary under circumstances <u>Our actual costs</u>	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your House of Colour Business or Franchise.
Management Fee	\$500 per day, plus costs and expenses	As incurred	Payable if we or our affiliate manages or appoint an interim manager to manage the House of Colour Business because you are in breach of the Franchise Agreement.
Professional Fees and Expenses	Will vary under circumstances <u>Our actual costs</u>	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Administration Fee	\$500 - \$750	On demand	We may charge you if we issue an amendment to the Franchise Agreement at your request, or if we must prepare a termination agreement.
Renewal Fee	\$1,500	At the time you sign the new franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$30,000	\$30,000	Lump sum	When you sign the Franchise Agreement	Us
Pre-Opening Marketing ⁽²⁾	\$1,500	\$5,250	As incurred	As incurred	Vendors
Training Expenses ⁽³⁾	\$500	\$3,150	As incurred	As incurred	Providers of Travel, Lodging, and Food Services and Us
Additional Training ⁽⁴⁾	\$0	\$12,000	As incurred	As incurred	Us
Insurance ⁽⁴⁵⁾	\$350	\$1,050	As incurred	Before opening	Vendors
Licenses ⁽⁵⁶⁾	\$50	\$262.50	As incurred	Before opening and according to statute or ordinance	Government Agencies
Computers, Software, Office Equipment, Phones ⁽⁶⁷⁾	\$500	\$2,887.50	As incurred	Before opening and as arranged	Vendors, Utility Providers
Professional Fees ⁽⁷⁸⁾	\$0	\$4,725	As incurred	Before opening	Lawyer, accountant or other professionals
Office Supplies, Stationery ⁽⁸⁹⁾	\$100	\$1,260	As incurred	As incurred	Vendors
Additional Funds – 3 Months ⁽⁹¹⁰⁾	\$345	\$3,675	As incurred	As incurred	Employees, Vendors, Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT	\$33,345	\$52,642,260			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your House of Colour Franchise. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and are non-refundable under any circumstances once paid, except for the Initial Franchise Fee as described in Item 5. All expenses payable to third parties are non-refundable, depending on their policies or your arrangements with them.

1. **Initial Franchise Fee.** The Initial Franchise Fee is payment for the pre-opening assistance, including initial training, equipment and inventory that we provide to you to allow you to open your House of Colour Business and also offsets some of our franchisee recruitment expenses. The Initial Franchise Fee includes a package of initial equipment and inventory that you will use in the operation of your House of Colour Business. The contents of this package may change

from time to time in our sole discretion. The Initial Franchise Fee is fully earned by us once paid and is non-refundable except as described in Item 5.

2. Pre-Opening Advertising. You must conduct a pre-opening advertising program. We will consult with you regarding the program. You must spend between \$500 and \$2,500, for the pre-opening advertising program, which includes your time.
3. Training Expenses. The estimate includes costs for travel and living expenses for one person while training. Training generally is conducted virtually and in the Des Moines, Iowa, or another location we determine, but may also be conducted at a location more convenient to the majority of the attendees at a scheduled training session or online. The range of this estimate assumes only you or your Operating Principal attends training. If you wish to have any other individuals trained by us, you must pay an additional \$12,000 fee per person, and your expenses will be higher in accordance with how many additional individuals are to be trained. See Items 5, 6, and 11.
4. Additional Training. We provide initial training at no charge for you (or your operating principal if you are an entity). If you request to send additional people to the initial training, and we approve this request, you will pay the then-current fee (currently \$12,000 per additional person). This fee is due prior to initial training, which is uniformly imposed and not refundable
- 4.5. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. If you have had prior issues or claims from previous operations unrelated to the operation of a House of Colour Business, your rates may be significantly higher than those estimated above.
- 5.6. Licenses. You must obtain the licenses and permits that are required (if any) to occupy the premises (if any) and operate the House of Colour Business at your location and in your jurisdiction. The nature and amounts of these licenses will depend on the local laws, rules and ordinances in your jurisdiction.
- 6.7. Computers, Software, Office Equipment, Phones. See Item 11 for the required computer and related equipment. The low estimate assumes you currently own this equipment. The high estimate assumes you will need to purchase these items.
- 7.8. Professional Fees. We strongly recommend that you hire a lawyer, accountant or other professional to advise you on this Franchise offering. Rates for professionals can vary significantly based on area and experience.
- 8.9. Office Supplies, Stationery. The estimate includes an initial supply of letterhead, envelopes, business cards, and various standard office supplies.
- 9.10. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your House of Colour Business. They include the Royalty and other fees payable to us, advertising, bank charges, state taxes, depreciation/amortization, and other miscellaneous items. This range does not include an estimate of your salary and assumes that none of your expenses are offset by any sales generated during the start-up phase. It also does not include a salary or wages for an associate (described in Item 15 below) because franchisees often base associate compensation on number of clients and services provided, and we cannot estimate an amount. For purposes of this Franchise Disclosure Document, we estimated the start-up phase to be three months from the date your House of

Provision	Section in Franchise Agreement	Summary
		representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable. <u>Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.</u>
u. Dispute resolution by arbitration or mediation	Section 22.3	Except for certain claims, all disputes must be mediated or arbitrated in Virginia, subject to applicable state law.
v. Choice of forum	Section 22.3	All disputes must be mediated, arbitrated, and if applicable, litigated in Virginia, subject to applicable state law.
w. Choice of law	Section 24.1	The laws of the state where the House of Colour Business is located applies, subject to applicable state law.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor owned outlets, and/or affiliate-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. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Marcus King, House of Colour USA, Inc., 7 Bell Yard, London, WC2A 2JR, United Kingdom, the Federal Trade Commission, and the appropriate state regulatory agencies.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections The State of the FDD, the Franchise Agreement, and the Supplemental Agreements North Dakota has determined that requiring resolution of disputes franchisees to be consent to the jurisdiction of courts outside of North Dakota may not be enforceable under is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law. Any reference or requirement in the FDD, Franchise Agreement, and/or Supplemental Agreements that a franchisee consent to the jurisdiction of courts outside North Dakota is deleted.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

The State of North Dakota has determined that requiring a franchisee to consent to termination or liquidated damages in a franchise agreement is unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any section of reference or requirement in the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law termination or liquidated damages is deleted.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 15 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

The State of North Dakota has determined that requiring a franchisee to consent to a limitation of claims to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is governed by North Dakota law.

The State of North Dakota has determined that requiring a franchisee pay all costs and expenses incurred by the franchisor in enforcing the agreement to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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	Pending
Hawaii	August 23, 2025
Illinois	August 15, 2025
Indiana	August 30, 2024, renews August 30, 2025
Maryland	August 20, 2025
Michigan	August 21, 2025
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	August 31, 2024, renews August 31, 2025
South Dakota	August 15, 2025
Virginia	August 15, 2025
Washington	Pending
Wisconsin	August 15, 2025

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If House of Colour USA, 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.

Under Iowa law, if applicable, House of Colour USA, Inc. must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires House of Colour USA, Inc. to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If House of Colour USA, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:	
Marcus King, 7 Bell Yard, London, WC2A 2JR, United Kingdom, +44 1923 211188	
Helen Shillan, 7 Bell Yard, London, WC2A 2JR, United Kingdom, +44 1923 211188	
Allison Van Iten, 6010 Weybridge Ct., Johnston, Iowa 50131, +1-919-559-4891	
Erin Olson, 12900 Metcalf, Suite 3215, Overland Park, Kansas 66213, +44 1923 211188	

Issuance Date: August 8, 2025

I received a disclosure document issued August 8, 2025 which included the following exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	List of Current and Former Franchisees
Exhibit E	State Addenda and Agreement Riders
Exhibit F	Confidential Operations Manual Table of Contents
Exhibit G	Contracts for use with the House of Colour Franchise
Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Effective Dates
Exhibit J	Receipt

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

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PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

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_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

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Please sign this copy of the receipt, date your signature, and return it to House of Colour USA, Inc., 7 Bell Yard, London, WC2A 2JR, United Kingdom.