

FRANCHISE DISCLOSURE DOCUMENT



Crown Extension Bar, LLC
a Delaware limited liability company
550 Reserve Street, Suite 380
Southlake, Texas 76092
(734) 678-1224
franchise@deltacrown.com
www.deltacrown.com

You will operate an upscale salon featuring the application of semi-permanent hair extensions and extension related hair services, combined with a retail offering of brand name and private label hair care lines under the trade name and trademark DELTA CROWN™ (“Salon”).

The total investment necessary to begin operation of a DELTA CROWN™ Salon ranges from \$367,143 to \$542,820. This includes the \$58,000 that must be paid to the franchisor or affiliate. The total investment necessary to purchase the right to open two Salons and to begin operation of the first DELTA CROWN™ Salon ranges from \$407,143 to \$582,820. This includes the \$98,000 that must be paid to the franchisor or affiliate. The total investment necessary to purchase the right to open three Salons and to begin operation of the first DELTA CROWN™ Salon ranges from \$357,143 to \$532,820. This includes the \$128,000 that must be paid to the franchisor or affiliate.

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 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 Meg Roberts at 550 Reserve Street, Suite 380, Southlake, Texas 76092 or (734) 678-1224.

The terms of your contract will govern your franchise relationship. Do not 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 accountant.

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

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

Issuance Date: December 11, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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.** The franchise agreement and development agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. 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 Texas than in your own state.
2. **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.

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.

MICHIGAN NOTICE

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (a) A prohibition against you joining an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver or estoppel which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits the franchisor to terminate your franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits the franchisor to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration, of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This provision applies only if:
 - (i) The term of the franchise is less than five years; and
 - (ii) You are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or if you do not receive at least six months advance notice of the franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew the franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This provision does not require a renewal provision in the Franchise Agreement or other agreement.
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of the arbitration, to conduct arbitration at a location outside of Michigan.
- (g) A provision that permits the franchisor to refuse to permit a transfer of ownership of the franchise, except for good cause. This provision does not prevent the franchisor from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonably qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.
- (h) A provision that requires you to resell to the franchisor items that are not uniquely identified with the franchisor. This does not prohibit a provision that grants the franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a *bona fide* third party willing and able to purchase those assets, nor does it prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful

provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in (c), above.

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

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913, (517) 373-7117.

**CROWN EXTENSION BAR, LLC
FRANCHISE DISCLOSURE DOCUMENT**

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

To simplify the language in this disclosure document, “we,” “us” or “our” means Crown Extension Bar, LLC, the franchisor. “You” means the business entity, person or persons who sign the Franchise Agreement, the franchisee. If the franchisee is a corporation, limited liability company, or other entity, the term “you” does not include the entity’s principals unless otherwise stated.

The Franchisor, and Any Parents, Predecessors and Affiliates

We are a Delaware limited liability company formed on September 24, 2025, and only do business under our corporate name. Our principal business address is 550 Reserve Street, Suite 380, Southlake, Texas 76092. We have been offering franchises of the type described in this Disclosure Document since December 2025, when we acquired the assets of our predecessor. We have never offered franchises or licenses in any other line of business.

Our predecessor, Straight Edge Salon Inc., is a Colorado corporation formed on April 1, 2013. Its principal business address was 1012 W. Colorado Ave. Colorado Springs, Co 80904. It offered a single franchise to its founder in October 2025. It did not offer franchises or licenses in any other line of business.

Our parent, BCC Services Intermediate Holding Company d/b/a Head to Toe Brands, is a Delaware corporation, and its principal business address is 550 Reserve Street, Suite 380, Southlake, Texas 76092. Our parent only does business under its corporate name. It does not offer franchises in any line of business and is not otherwise engaged in any other type of business activity.

Our parent’s parent company is BCC Services Holding Company, a Delaware corporation, and its principal business address is 550 Reserve Street, Suite 380, Southlake, Texas 76092. Our parent does business under its corporate name, HTT Brands and Head to Toe Brands. It does not offer franchises in any line of business and is not otherwise engaged in any other type of business activity.

BCC Services Holding Company is directly or indirectly controlled by Riverside Micro-Cap Fund VI, L.P. and Riverside Micro-Cap Fund VI-A, L.P. which are managed by The Riverside Company, a global private equity fund focused on investing in and acquiring growing businesses and it maintains its principal business address at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111.

We are affiliated with BCC Franchising, LLC (“Bishops”). Bishops and its predecessor have offered franchises since March 2007 under the mark “Bishops.” Bishop’s principal business address is 550 Reserve Street, Suite 380, Southlake, Texas 76092. A Bishops franchise offers haircuts, coloring, and barber services. As of December 31, 2024, Bishops had 40 franchises operating in the United States.

We are also affiliated with Frenchies, LLC (“Frenchies”). Frenchies has offered franchises since April 2015 under the mark “Frenchies Modern Nail Care.” Frenchies’ principal business address is 550 Reserve Street, Suite 380, Southlake, Texas 76092. A Frenchies Modern Nail Care franchise offers hand and foot care. As of December 31, 2024, Frenchies had 23 franchisees operating in the United States.

We are affiliated with The Lash Franchise Holdings, LLC (“Lash”) and its predecessor has offered franchises under the mark “Lash Lounge” since March 2010. Lash’s principal business address is 550 Reserve Street, Suite 380, Southlake, Texas 76092. A Lash Lounge franchise offers permanent and temporary eyelash and eyebrow extensions and other eye enhancing services. As of December 31, 2024, Lash had 140 Lash Lounge franchises in the United States.

Through various private equity funds managed by The Riverside Company the following portfolio companies of The Riverside Company offer franchises in the United States:

Evive Brands

Executive Home Care Franchising, LLC (“Executive Care”) has offered franchises under the mark “Executive Home Care” since June 2013. Executive Home Care’s principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Executive Home Care franchise offers in-home comprehensive care and medical services to home care clients, and supplemental healthcare staffing services to institutional clients. As of December 31, 2024, Executive Care had 22 franchises operating in the United States.

B & P Burke, LLC (“B&P”) has offered franchises under the mark “Grasons” since May 2014. B&P’s principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A Grasons franchise offers estate sale and business liquidation services. As of December 31, 2024, B&P had 61 franchises operating in the United States.

ALL Franchising, LLC (“ALL”) and its predecessors have offered franchises under the mark “Assisted Living Locators” since May 2006. ALL’s principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Assisted Living Locators franchise assist seniors and their families in locating assisted living facilities, memory care communities, nursing homes, senior care homes and independent living senior communities. As of December 31, 2024, ALL had 162 franchises operating in the United States.

Brothers Parsons Franchising LLC (“Brothers”) and its predecessor have offered franchises under the mark “The Brothers that just do Gutters” since July 2015. Brothers’ principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 8525. A “The Brothers that just do Gutters” franchise provides gutter installation, maintenance, cleaning, repair, and related services and products. As of December 31, 2024, Brothers had 355 franchises operating in the United States.

Best Life Brands

Blue Moon Franchise Systems, LLC (“Blue Moon”) has offered franchises under the mark “Blue Moon Estate Sales” since August 2013. Blue Moon’s principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Blue Moon franchise sells personal property as well as the provision of consignment sales for those who are downsizing, relocating, or are deceased. As of December 31, 2024, Blue Moon had 124 franchises in operation in the United States.

Boost Franchise Systems, LLC (“Boost”) has offered franchises under the mark “Boost Home Healthcare: since July 2021. Boost’s principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Boost franchise offers intermittent care ordered by a doctor and performed by a home health aide and other licensed healthcare providers to patients of all ages with acute and chronic long term complex health conditions within the patient’s residence or within health care facilities. As of December 31, 2024, Boost had 6 franchises in operation in the United States.

ComForCare Franchise Systems, LLC (“ComForCare”) and its predecessor has offered franchise under the mark “ComForCare Home Care” since April 2021. ComForCare’s principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A ComForCare Home Healthcare franchise offers (i) companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their

residences, (ii) supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside, and (iii) private duty nursing services. As of December 31, 2024, ComForCare had 248 franchises operating in the United States.

CarePatrol Franchise Systems, LLC (“CarePatrol”) and its predecessor has offered franchises under the “CarePatrol” mark since April 2009. CarePatrol’s principal address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A CarePatrol franchise offers senior living placement, referral, and consulting services to families. As of December 31, 2024, CarePatrol had 201 Care Patrol franchises operating in the United States.

Next Day Access, LLC (“Next Day”) has offered franchises under the “Next Day Access: mark since 2012. Next Day’s principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Next Day Access franchise offers ramps and other products and accessories that enhance the life of physically disabled or challenged persons. As of December 31, 2024, Next Day had 50 franchises operating in the United States.

Threshold Brands

Maid Pro Franchise, LLC (“MaidPro”) has offered franchises under the “Maid Pro” mark since February 1997. MaidPro’s principal business address is 77 North Washington Street, Boston, MA 02114. A Maid Pro franchise offers home cleaning services for residential and commercial customers. As of December 31, 2024, MaidPro had 237 franchises operating in the United States.

Men In Kilts US, LLC (“MIK”) has offered franchises under the mark “Men in Kilts” since March 2019. MIK’s principal place of business is 77 North Washington Street, Boston, MA 02114. A Men in Kilts franchise offers window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services. As of December 31, 2024, MIK had 23 franchises operating in the United States.

Pestmaster Franchise Network, LLC (“Pestmaster”) and its predecessor has offered franchises under the “Pestmaster” mark since June 2021. Pestmaster’s principal business address is 9716 South Virginia Street, Suite E, Reno, NV 89511. A Pestmaster franchise offers structural and agricultural pest control and related services. As of December 31, 2024, Pestmaster had 57 franchises operating in the United States.

USA Insulation Franchise, LLC (“USA Insulation”) has offered franchises under the “USA Insulation” mark since March 2006. USA Insulation’s principal business address is 17700 Saint Clair Avenue, Cleveland, OH 44110. A USA insulation franchise offers residential insulation services. As of December 31, 2024, USA Insulation had 109 franchises operating in the United States.

Granite Garage Floors Franchising, LLC (“Granite”) has offered franchises under the mark “Granite Garage Floors” since June 2013. Granite’s principal business address is 110 Mansell Circle, Suite 375, Roswell, GA 30075. A Granite Garage Floors franchise sells and installs residential garage floor coating systems. As of December 31, 2024, Granite had 55 franchises operating in the United States.

Mold Medics Franchising LLC (“Mold Medics”) has offered franchises under the “Mold Medics” mark since December 2020. Mold Medics’ principal business address is 811 Washington Avenue, Carnegie, PA 15106. A Mold Medics franchise offers mold remediation, air duct cleaning, radon testing and mitigation services, and other services and products. As of December 31, 2024, Mold Medics had 6 franchise operating in the United States.

Sir Grout Franchising, LLC (“Sir Grout”) has offered franchises under the “Sir Grout” mark since August 2007. Sir Grout’s principal business address is 77 North Washington Street, Boston, MA 02114. A Sir Grout franchise offers grout and tile cleaning, sealing, caulking and restoration services and other services. As of December 31, 2024, Sir Grout had 71 franchises operating in the United States.

Miracle Method LLC (“Miracle”) and its predecessors have offered franchises under the “Miracle Method” mark since September 1996. Miracle’s principal business address is 4310 Arrowswest Drive, Colorado Springs, CO 80907. A Miracle Method franchise offers refinishing and restoration of bathtubs, sinks, showers, tiles, countertops, and similar surfaces. As of December 31, 2024, Miracle Method had 201 franchises and 2 master franchises operating in the United States.

PHP Franchise, LLC (“PHP”) has offered plumbing service franchises under the mark “Plumbing Paramedics” and heating and air conditioning installation and service franchises operating under the mark “Heating + Air Paramedics” since November 2021. PHP’s principal business address is 750 E. 150th Street, Noblesville, IN 46060. As of December 31, 2024, PHP had 15 Plumbing Paramedics and 14 Heating + Air Paramedics franchises operating in the United States.

EverSmith Brands

U.S. Lawns, Inc. (“U.S. Lawns”) has offered franchises under the mark “U.S. Lawns” since August 1986. U.S. Lawns’ principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A U.S. Lawn franchise offers outdoor commercial property and landscaping services. As of December 31, 2024, U.S. Lawns had 210 franchises operating in the United States.

milliCare Franchising, LLC (“milliCare”) and its predecessors have offered franchises since January 2011. milliCare’s principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A milliCare franchise offers cleaning and maintenance of floor coverings and interior finishes and related services under the mark “milliCare Floor & Textile Care.” As of December 31, 2024, milliCare had 59 franchises operating in the United States.

Kitchen Guard Franchising, Inc. (“Kitchen Guard”) has offered franchises since August 2023. Kitchen Guard’s principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A Kitchen Guard franchise offers commercial kitchen exhaust system cleaning, inspection, maintenance, and restoration services. As of December 31, 2024, Kitchen Guard had 5 franchises operating in the United States.

Restoration Specialties Franchise Group, LLC (“Prism Specialties”) has offered franchises since April 2012 and in September 2021 the franchises have operated under the mark “Prism Specialties.” Prism Specialties’ principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A Prism Specialties franchise offers electronic, art, textile, and document recovery, repair, and restoration services. As of December 31, 2024, Prism Specialties had 93 franchisees operating in the United States.

The Seals Franchising, LLC (“The Seals”) has offered franchises since August 2019. The Seals’ principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A The Seals franchise offers the sale and installation of gaskets for refrigeration door units, freezer doors, oven doors, hardware and cutting board. As of December 31, 2024, The Seals had 4 franchises operating in the United States.

The Franchise Offered

We grant franchises for the right to own and operate a Delta Crown salon, a luxury hair extension salon (“Salon”) featuring the installation of semi-permanent hair extensions and extension related hair services

including coloring, washing, styling and cuts as services available to members, combined with a retail offering of brand name and private label hair care lines under the trade name and trademark DELTA CROWN™ and other trademarks, service marks, logos and catch phrases (“Marks”).

Our proprietary business format and system (“System”) includes distinctive interior and exterior design, décor, color scheme, graphics, fixtures and furnishings, exclusive use of proprietary products, operations, and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate for developing, operating, and managing a DELTA CROWN™ Salon, all of which we may change, improve, and further develop (collectively, our “Standards”).

A typical Salon is located in or adjacent to a major shopping mall, outlet mall, retail strip mall or shopping center, and ranges between 800 to 1,000 square feet (the “Premises”). You will operate the Salon according to our standard franchise agreement (see Exhibit B) and our Standards, specifications, policies and procedures which will be communicated to you via our confidential operations manuals and other written directives (collectively, our “Manuals”).

In some instances, we may offer Salons cobranded with another of our affiliate franchise concepts in a single location to qualified franchisees under a separate form of Disclosure Document.

Multi-Unit Offering

We also offer qualified individuals and entities the right to open and operate multiple Salons within designated Site Selection Area(s) under our current form of development agreement attached to this Disclosure Document as Exhibit C (the “Development Agreement”). In the Development Agreement, we outline a schedule that sets forth the periods of time by which you must open and begin operating each Salon (the “Development Schedule”). Typical Development Agreements represent several opportunities within the same or contiguous metropolitan areas, with each opportunity assigned a specific Site Selection Area.

You will have the right to find and secure locations from which to operate your Salon from within the Site Selection Areas, but—similar to the Site Selection Area assigned in connection with a single-unit Franchise Agreement—you will not receive any territorial exclusivity or real-estate selection priority within this area. However, once you have identified a site that we approve you will be provided with a protected radius.

You will be required to sign a Franchise Agreement for your initial Salon at the same time you sign your Development Agreement, representing the first of your Site Selection Areas in the Development Schedule. You will sign our then-current form of franchise agreement for each subsequent Salon in accordance with the Development Schedule. Your Site Selection Areas for all salons will be identified prior to signing of your Development Agreement.

Under the Development Agreement, you will pay us a one-time development fee that will be calculated based on the number of Salons we grant you the right to open (the “Development Fee”). You will not be required to pay any other initial franchise fee at the time you execute the franchise agreements for each Salon to be developed pursuant to your Development Agreement.

Market and Competition

You will sell products and provide services that are part of DELTA CROWN™ standard portfolio and which appeal to beauty conscious women of all ages, but primarily within the 18 to 70 age range.

The semi-permanent hair extensions and extension related hair services market is an emerging industry, combined with a retail offering of brand name and private label hair care lines. You will compete with various established national and local hair salons and extension salons businesses offering hair extension services.

Special Industry Regulation

A number of states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Salon , including those which (1) establish licensing and certification requirements for businesses in general, (2) establish general standards, specifications and requirements for the construction, design and maintenance of the Salon location; (3) establish licensing and certification requirements for stylists(4) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for salons; (5) set standards pertaining to employee health and safety; (6) set standards and requirements for fire safety and general emergency preparedness, and (7) regulate the proper use, storage and disposal of waste and other hazardous materials. We recommend you consult with legal counsel or other professional advisors to help you investigate and understand these laws before you purchase a franchise.

It is important to note that most states require stylists who provide certain services be a certified health professional, licensed as either an esthetician, cosmetologist, or nurse. In addition, some states impose a similar minimum certification or license requirement on stylists who provide hair extension and salon services.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer and President: Meg Roberts

Ms. Roberts has served as the Chief Executive Officer of Head to Toe brands since March 2024 in Ann Arbor, MI. Previously, Ms. Roberts served as the CEO and President of The Lash Lounge from July 2018 to March 2024. Ms. Roberts will be strategically leading DELTA CROWN.

Chief Operating Officer (Head to Toe Brands): Kristin Kidd

Kristin Kidd has served as the Chief Operating Officer of Head to Toe brands since June 2024 in The Colony, Texas. Previously, she served as the Vice President of Operations for The Lash Lounge from December 2021 to June 2024. Prior to being promoted to Vice President, Kristin served as the Director of Operations from 2018 to 2021. Ms. Kidd will be operationally leading DELTA CROWN™.

Vice President Education:

Noelle Peter has been as the Vice President of Education for Head to Toe since December 2025 in South Carolina. Before stepping into this role, she was Vice President of Training and Operations of The Lash Lounge from December 2022 to December 2025. Noelle previously served as our Senior Franchise Business Manager from January 2021 to December 2022, and Franchise Business Manager from May 2018 to December 2021. Alongside her corporate roles, Noelle has held an ownership interest in a Lash Lounge franchise located in Pennsylvania since April 2021.

Board Member: Jordan LaJoie

Jordan LaJoie has served as our Board Member since February 2025. Jordan has also served as President of Pinecrest Holdings, Inc., located in Portland, Maine, since July 2020. Prior to that time, Jordan was a Management Consultant for Accenture, located in Boston, Massachusetts, from July 2014 to July 2020.

Board Member, Aakeem Andrada

Aakeem Andrada has served as our Board Member since February 29, 2024. Aakeem has also served as a board member of our affiliate, Bishops, since April 2023 and Frenchies since November 2023. Aakeem has

served on the board of our parent, Head to Toe Brands, since April 2023. In addition, Aakeem has served as a board member of Performance Systems Integration, LLC in Portland, Oregon since July 2020. He has served as an Analyst, Associate and Senior Associate at the Riverside Company in Santa Monica, California since June 2018.

Advisor to the Board: Jenna Bowden

Jenna Bowden, the Founder of Delta Crown Extension Studio since October 2017. She has served as an advisor to the Board since October 2025. Ms. Bowden has also served as the President of Bowden Consulting, LLC since 2023 and the President of Blush Bridal, LLC since January 2025.

The following individual(s) are employees our Root and Rise Franchise Development, LLC, an unaffiliated entity.

Fractional Chief Development Officer: Patricia Rother

Ms. Rother is the CEO and Founder of Root and Rise Franchise Development, LLC, and has served as our fractional Chief Development Officer through Root and Rise Franchise Development, LLC since March 2025. She holds this position in Boulder, Colorado. Previously, Ms. Rother served as President of Stay In Your Lane located in Denver, Colorado from November 2022 until May 2025. She served as the fractional Chief Development Officer through Stay In Your Lane from August 2024 to March 2025, in Boulder, Colorado. Previously, Ms. Rother served as the Vice President of Franchise Development for The NOW Massage located in Beverly Hills, California from January 2023 until August 2023. She also served as President of Frios Gourmet Pops located in Mobile, Alabama from December 2021 until January 2023 and Vice President of Franchise Development for Scenthound located in Jupiter, Florida from July 2020 until December 2021.

**ITEM 3
LITIGATION**

No information is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

When you purchase the right to develop a single Salon , at the time you sign the Franchise Agreement, you will pay us an Initial Franchise Fee of \$50,000. If you qualify for the VetFran program sponsored by the International Franchise Association (“IFA”) or if your franchise entity is at least 51% woman or minority owned, the Initial Franchise Fee you pay for a single Salon will be reduced by \$5,000. The Initial Franchise Fee is deemed fully earned on your execution of the Franchise Agreement and is not refundable under any circumstances. The Initial Franchise Fee is uniform for all franchisees purchasing a single franchise.

From time to time, we may offer incentive programs to prospective franchisees for a limited time basis. Occasionally, we may establish various franchise expansion programs, which are generally, but not exclusively, available only to existing franchise owners to provide incentives to franchisees to expand their existing franchise territories or service lines. These programs, which are established and maintained at our sole discretion, and uniformly offered to similarly situated prospects or franchisees, may include reduced or rebated fees or certain credits. Also, in some instances, we may offer cobranded locations with another of our affiliate franchise concepts in a single location to qualified franchisees under a separate form of Disclosure Document, which may contain different terms than the terms set forth in this offering.

Development Agreement

If we grant you the right to develop multiple Salons, at the time you execute the Development Agreement, you will pay us a one-time Development Fee. If you are acquiring the right to open two or more locations under our development agreement, instead of paying us the \$50,000 initial franchise fee you will pay to us a Development Fee in accordance with the chart below. If you qualify for the VetFran program sponsored by the IFA, your total Development Fee will be reduced by \$5,000.

Initial Franchise Fees	Number of Franchised Units
\$45,000 per unit	two (2) franchised units
\$40,000 per unit	three (3) to five (5) franchised units
\$30,000 per unit	six (6) or more franchised units

You will be required to enter into our then-current form of Franchise Agreement for each Salon you wish to open under your Development Agreement, but you will not be required to pay any additional Initial Franchise Fee at the time you execute each of these Franchise Agreements. If you enter into a Development Agreement, you must typically execute our current form of Franchise Agreement for the first Salon we grant you the right to develop within your Site Selection Area concurrently with the Development Agreement (unless we agree otherwise in writing). For each subsequent salon you open, you will sign the current Franchise Agreement, which may differ from the Franchise Agreement associated with your first salon.

Your Development Fee will be deemed fully earned upon payment and is not refundable under any circumstances. The Development Fee described above is calculated and applied uniformly to all franchisees.

Initial Training Fees

Prior to opening, you will pay to us a \$8,000 initial training fee for our two-stage initial training program. The initial training fee is due in a lump sum at the time of signing and is not refundable under any circumstances. The initial training fee is uniformly imposed for first salon or salons that transfer ownership and includes a 4-day Initial Business Training, currently hosted in Dallas, TX and 2-day proprietary Delta Crown Extension Training, currently provided on-site prior to opening the salon. All Initial Training is currently conducted in-person but may evolve to include virtual training. This Initial Training Fee is due

only in connection with your first Salon and does not apply to the subsequent Salons opened under a Development Agreement. Currently, Initial Training for subsequent salons will be offered at the rates provided in Item 6 and includes the fees associated, including travel of any Corporate Employees as requested or required by the franchisor to provide Stylist Training.

**ITEM 6
OTHER FEES**

Franchise Agreement

Type of Fee ¹	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenue per month. After your second year of operations, a minimum Royalty Fee of \$250 per week will be applied.	Weekly	Payable to us. See Note 2 for the definition of Gross Revenue.
Marketing Fee	2% of Gross Revenue	Weekly	See Item 11. See Note 2 for the definition of "Gross Revenue."
Local Advertising	Minimum \$2,000 per month	As incurred.	You must spend the required minimum expenditure amount per month in your local market to promote the Salon. See Item 11.
MarTech Fee	Currently, \$150 per month	Monthly, on date to be determined	The MarTech fee is considered a component of the Local Advertising requirement but is collected by the Home Office in conjunction with Marketing Fee. The MarTech fee is applied directly to digital utilities, hosting and all other central billing initiatives. We reserve the right to increase this fee in relationship to direct expenses with 30 days' notice, provided it will not exceed \$500 per month. See Item 11.
Membership Marketing	Minimum \$500 per month, if established	Paid Monthly as incurred	If we established a membership marketing program, we may require your participation for a defined period, thereafter participation may be optional. Your fee will be equal to the actual cost charged by a third party. Currently there are no Membership Marketing requirements.
Membership Perks	Minimum \$100 per	Paid	If we established a membership

Type of Fee ¹	Amount	Due Date	Remarks
Program	month, if established	Monthly as incurred	perks program, we will require your participation. Your fee will be equal to the actual cost charged by a third party. Currently there are no Membership Perks Programs requirements.
Cooperative Advertising	At least \$1,500 per month, when established	Paid Monthly as relevant	If we require you to participate in an established cooperative advertising campaign for your market area, your \$1,500 minimum monthly cooperative contribution will satisfy your local advertising requirement. Currently there are no cooperatives.
Additional Training and Assistance	\$500 per day plus reimbursement of travel, lodging and dining costs (if applicable).	Before assistance	This fee applies to all training onsite or offsite, or hosted virtually, including but not limited to advanced training, opening training, transfer/resale training. The fee of \$500 per day, is payable to us before we provide the applicable training. We may, at our option, send our personnel to your Salon to provide mandatory re-training if we deem it necessary based on performance concerns, a history of customer complaints, are deemed non-compliant or have failed to attend or participate in mandatory training and/or meetings. You will be responsible for all training fees and associated travel costs if such training is required. We reserve the right to adjust the manner in which training is provided – including but not limited to virtual and online. See Note 3.
On-Demand Training Fee	Minimum \$200 per Month, if established	Paid Monthly as relevant	If we establish an On Demand Training Program, we will require your participation. We reserve the right to increase the OD Training Fee with 30 days' notice, provided it will not

Type of Fee ¹	Amount	Due Date	Remarks
			exceed \$300 per month. Currently there is no On-Demand Training Fee. See Note 3. See Item 11.
Continuing Education Requirements	Varies with circumstances	Upon demand	See Note 3.
Convention or Continuing Education Enrollment Fee	Currently, \$500 per attendee	Before Convention	At least one representative is required to attend, no more than once per year, any designated convention, regional meeting or annual training meeting. For any required training you do not attend, you will pay the same registration fee as attendees – whether you attend or not. Currently this fee is \$500 for Convention and is drafted automatically. You are responsible for all costs of attending convention, including travel, lodging, meals and wages. We may increase this fee in our discretion, provided it will not exceed \$2,500 per attendee.
Technology Fee	Currently, \$200 per month per Salon	Monthly	Technology Fees are for use of our online systems, intra-net, data sharing, business intelligence, and more. We reserve the right to increase this fee in relationship to direct expenses and provided it will not exceed \$1,000 per month. To be paid in the same manner and time frame as the Royalty Fee. See Item 11.
Point of Sale (POS), VoIP, Text Messaging & Marketing Systems	Currently, \$499 per month	As incurred	This fee is imposed by us but payable to a third party. Any increase will be equal to the actual increase passed through to us by our third-party provider. This subscription includes technical support provided by the POS supplier.
Bookkeeping Provider & Software	The then-current fee as imposed by the third-party provider, which is currently \$250 per month	As incurred	This amount is payable to third parties and subject to third party pricing and the packages required. We reserve the right to

Type of Fee ¹	Amount	Due Date	Remarks
	for services. The software, Quickbooks Online, is separate and currently \$20 per month for Simple Start plan		charge this fee directly in the future.
Email; Microsoft Office 365	The then-current fee, currently \$8 to \$25 per month for Email and Office 365	As incurred	These amounts are payable Home Office and passed through to our vendor. Any increases in this fee are equal to the increases imposed by the vendor. We reserve the right require that these fees be paid directly to the vendor directly in the future.
Music License Fees		As incurred	These amounts are required by use but paid to a third party
Supplier Approval Fee	Our actual costs and expenses incurred in evaluating the proposed supplier, plus a Supplier Approval Fee amounting to \$500 per inspection	Upon demand	You may recommend suppliers to us at any time; however, you must reimburse our costs and expenses in evaluating the proposed supplier and pay our Supplier Approval Fee if you request us to inspect and evaluate a proposed supplier.
Transfer Fee ⁴	\$5,000, plus our related attorneys' fees	Before transfer	We do not charge a fee if the transfer of the Salon is from an individual to a business entity for convenience of operation, however, you must reimburse us for our related costs and expenditures. See Note 4 for other circumstances where we charge a reduced Transfer Fee. See Item 17 for more information about restrictions and conditions of transfers.
Renewal Fee	\$3,000	When you sign the new franchise agreement	See Item 17 for more information regarding renewal
Extended Term Fee	\$1,000 per year added to remaining term assumed by transferee (not to exceed an initial term of	When transferee signs their franchise	Upon transfer, transferee must assume the remaining term on your franchise agreement and may, at their option, purchase

Type of Fee ¹	Amount	Due Date	Remarks
	10 years)	agreement	additional years for the Extended Term Fee, not to exceed an initial term of 10 years. See Item 17 for more information regarding transfers.
Development Site Selection Area Change Fee	\$3,000	Upon demand	We do not typically allow you to change the Site Selection Areas associated with your Development Agreement. However, if we approve your request to do so in our sole discretion, you will incur our change fee.
Audit	Amount disclosed in the audit, plus our costs to conduct the audit	Upon demand	If an audit discloses an underpayment of the Royalty Fee due to us of 2% more, you must pay us 1.5 times the amount in error plus our costs and expenses for the audit.
Late Charges	18% per year or the highest amount allowed by law, whichever is less, calculated weekly.	Upon demand	Payable only if any sums due to us are not paid promptly when due.
Charge for Nonpayment Due to “Insufficient Funds”	\$50 (which we can increase annually by an amount not to exceed 10% of our previously published fee) plus reimbursement of our costs and expenses from your non-payment.	Upon demand	Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or otherwise.
Administrative Default Fee	\$100 per occurrence, \$100 per week until cured	Upon demand	We may charge this fee if you breach any of the terms, conditions, or policies outlined in the Franchise Agreement or the operations manual, otherwise fail to comply with our standards and specifications, or use unauthorized products, equipment, or vendors. We will address such matters through compliance reports prepared for non-compliant franchisees with a reasonable cure period.
Private or Public Offer of Securities	Our costs and expenses associated with reviewing	Before the offering	No offering shall imply in any manner whatsoever that we are

Type of Fee ¹	Amount	Due Date	Remarks
	the proposed offer		participating in an underwriting, issuance, or offering of your securities.
Costs and Attorneys' Fees	Actual fees incurred	Payable as incurred	You must reimburse us for our expenses in enforcing or terminating the Agreements.
Indemnification	Amount of loss suffered	Upon demand	You must reimburse and pay our attorneys' fees and related costs if we are held liable for claims from your operation of the Salon including client refunds and resolution.
Liquidated Damages	Equivalent of 36 months of royalty fees and advertising fees	Upon termination	If the Franchise Agreement is terminated by us due to your default, you must pay us liquidated damages. The amount of liquidated damages will be the average monthly Royalty Fee and Marketing Fee payable by you over the 12-month period immediately preceding the date of termination, multiplied by the lesser of 36 months or the number of months remaining in term of the Franchise Agreement.

Notes:

Note 1. All fees are payable to us and are uniformly imposed and non-refundable. Unless otherwise noted, all fees are payable to us and are required electronically. We will not collect fees via check.

Note 2. "Gross Revenue" means the aggregate of: (1) all revenue from the sale of products and services, whether made for cash, on credit, or otherwise, without reserve or deduction for inability or failure to collect, that you, in the normal course of your operations would credit or attribute to the operation of a DELTA CROWN™ Salon ; (2) all monies, trade value or other things of value that you receive from Salon operations at, in, or from the Salon premises that are not expressly excluded from Gross Revenue; and (3) business interruption insurance proceeds. Gross Revenue does not include: (a) the exchange of merchandise between DELTA CROWN™ Salons (if you operate multiple Salon s) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Salon premises; (b) returns to shippers, vendors, or manufacturers; (c) sales of fixtures or furniture after being used in the conduct of the Salon business; (d) cash or credit refunds for transactions included within Gross Revenue (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); (e) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (i) added to the selling price or absorbed therein and (ii) paid to the taxing authority by you. Customer refunds may be deducted from Gross Revenue if the charge was previously included in Gross Revenue.

Note 3. Each of your stylists must comply with our mandated continuing education requirements, including any necessary recertification courses. For certain stylists, the state in which they are licensed or certified

may also mandate certain continuing education requirements. Completion of those state-mandated requirements is not a substitute for our own requirement. In addition to our fee for continuing education training; you will be responsible for all related travel, lodging, and dining costs for your attendees and/or our staff who may travel to your Salon.

Note 4. If you or your Owners are transferring part, but not all, of their respective interest in the franchisee, the Transfer Fee equals \$2,500. If such transfer, however, results in additional required training, you will be responsible for paying our then-current tuition for the training as well as travel, lodging, and dining expenses. A Transfer Fee of \$5,000, plus our related attorneys' fees, applies if you transfer all of your interest in the Franchise Agreement and all or substantially all of the assets of the Salon.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT
Single-Unit Franchise

TYPE OF EXPENDITURE	AMOUNT ¹		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee ²	\$50,000	\$50,000	Lump sum	When Franchise Agreement is signed	Us
Leasehold Improvements ³	\$125,569	\$176,961	As arranged	As required	Contractors and third-party suppliers (including General Contractor)
Furniture, Fixtures, Décor, and Equipment ⁴	\$62,498	\$67,178	As arranged	As required	Approved Suppliers
Salon Layout, Architect, Engineer, Drawings, and Permits ⁵	\$7,620	\$16,542	As arranged	As required	Approved suppliers, your architect and engineer
Professional Fees (first year)	\$2,000	\$10,000	As arranged	As incurred	Your accountant, attorney, and other professionals
Business Licenses, Permits, etc. (first year)	\$75	\$1,200	As agencies require	As agencies require	Applicable agencies
Initial Inventory ⁶	\$54,437	\$58,532	As arranged	As incurred	Approved suppliers
Signage ⁷	\$7,500	\$21,960	As arranged	As incurred	Approved suppliers
Technology Hardware, and POS Software ⁸	\$10,687	\$13,280	As arranged	As incurred	Approved suppliers
Initial Training Fee (covers two individuals)	\$8,000	\$8,000	As arranged	As incurred	Us
Pre-opening training expenses (for up to two individuals) ⁹	\$2,500	\$12,000	Lump sum	When Franchise Agreement is signed	Third-party suppliers of transportation, food and lodging for you and your employees
Utility Deposits, Expenses and Payments (first three	\$250	\$500	As arranged	Before opening	Third party suppliers

TYPE OF EXPENDITURE	AMOUNT ¹		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
months)					
Pre-Opening Marketing (60 days prior to opening)	\$4,000	\$12,000	As arranged	As incurred	Approved suppliers
Marketing (first three months post opening)	\$6,000	\$15,000	As arranged	As incurred	Approved suppliers
Security Deposit and Lease Payment (first three months) ¹⁰	\$3,667	\$26,667	As arranged	As incurred	Landlord
Insurance Deposits and Premiums (first three months)	\$1,250	\$3,000	As arranged	As incurred	Insurance carriers
Additional Funds - (first three months) ¹¹	\$21,090	\$50,000	As agent requires	Before opening	Various
Grand Total ¹²	\$367,143	\$542,820			

Multi-Unit Development (2-Pack or 3-Pack)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee	\$90,000 (2-Pack) \$120,000 (3-Pack)	Lump sum	Upon execution of Development Agreement	Us
Initial Investment to Open Initial/Single Salon ¹³	\$317,143 to \$492,820	Totals from Chart A of this Item 7 less the Initial Franchise Fee.		
Grand Total	\$407,143 to \$582,820 (2 Salons) \$357,143 to \$532,820 (3 Salons)	This is the total estimated initial investment to enter into a Development Agreement for the right to own a total of two to three, as well as the estimated initial costs to open and begin operating your initial Salon for the first three months (as described more fully in the "Single Unit Franchise" chart above).		

Notes:

Note 1. These estimated initial expenses are our estimate of the costs you may incur in establishing and operating your Delta Crown franchise. Our estimates are based on our experience and our current requirements. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Delta Crown franchise may be greater or less than the estimates given, depending upon the location of your Delta Crown franchise and current relevant market conditions. The figures contained in this Item 7 do not include any required tariffs that may be levied on foreign sourced goods. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us, or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

Note 2: This figure represents the Initial Franchise Fee of \$50,000 if you enter into a Franchise Agreement for a single unit. The Development Fee is credited toward the full Initial Franchise Fee for each of the Franchise Agreements you will enter into for a multi-unit development deal for the right to develop multiple Salons.

Note 3. Construction and remodeling costs vary widely, depending upon geography, real-estate demand, labor costs, the salon location, salon size, design, configuration and condition of the premises, the condition and configuration of existing services, and facilities such as air conditioning, electrical and plumbing, and the terms of your lease. The low end of this range assumes a Salon at 800 square feet, which is second generation with acceptable HVAC, mechanical, engineering, plumbing and tenant improvement allowances of \$20 per square foot. The high end presumes 1,000 square feet and no tenant improvement allowances. General contractor and construction costs and many variable costs related to your salon may be higher if the size of your Salon is larger than recommended and will require special permission and approval. Based on our experience, tenant improvement allowance can range between \$0 per square foot to \$60 per square foot. Some franchisees may elect to hire a Project Manager to coordinate with General Contractor, these costs are not reflected. In our experience, states with unionized labor requirements, have higher construction costs and are not reflected in these figures.

Note 4. Furniture, fixtures and equipment also includes all interior design elements, chairs, and millwork package. If any special or additional equipment or fixtures are needed to provide salon services you must acquire that equipment or fixture, the cost of which may be significant. Typically, salons will range from four to five stations. The number of chairs in a salon is dependent upon the size of the salon. Shipping costs and sales tax are included in this range but will vary depending on your location. The low end of this ranges represents 4 chairs and the high represents 6 chairs.

Note 5. This range includes our supplier's fee for your salon layout design and certain permits.

Note 6. The initial supplies accounted for in this range include all start-up tools, backbar, merchandising, salon ambiance supplies, brochure ware and new member gifts for first 50 members. It also includes the initial retail inventory that must be purchased from our designated supplier.

Note 7. This range covers the cost of indoor and outdoor signage. The low range represents the cost of a single outdoor sign, while the high range covers the cost of two outdoor signs. We do not require two outdoor signs.

Note 8. This estimate accounts for our minimum technology requirements, including computer, phone, printer, music speakers, networking, cameras, setup, installation, and training. As well as 3 months of payments for the cloud-based POS System.

Note 9. You must make arrangements for, and pay the expenses, including travel accommodations of, each individual who attends our initial business training program. Such expenses will include transportation, lodging, meals, and wages. The amount expended will depend, in part, on the distance you must travel and the type of accommodation you choose and the type and location of the training you receive. The figures in the chart represent the estimated cost to attend our initial training program currently hosted in Dallas, Texas. The low end of the estimate assumes one individual will attend, and the high end assumes three individuals will attend. Any fees related to additional training needed or requested beyond those which are initial are represented in the Franchise Agreement.

Note 10. You are required to use our approved suppliers for real estate to maintain the integrity of site selection process and recognition of development areas within Delta Crown system Based on our historical data, landlords typically require security deposits in a typical amount equal to (one month's rent). We reserve the right to approve the location of your Salon, and you must construct, remodel, alter and improve the location to our specifications. A typical salon will be located inside of or adjacent to a retail strip mall or shopping center, or, in the alternative, in urban storefronts. The size of a typical salon location will range

from 800 to 1000 square feet and the cost of leasehold improvements will vary depending upon factors such as size, condition of premises, and location. Monthly lease payments range from \$3,666 to \$6,666; however, many variables contribute to final lease terms such as location, size and type of space. You may be asked to pay your first months' rent in advance.

Note 11. In calculating these amounts, we used estimates based on the experience of the our franchised operating location as well as the experience of or management team. These amounts are the total minimum recommended levels to cover operating expenses including your employees' salaries and stylist wages, and local marketing for three months. However, we cannot guarantee that those amounts will be sufficient. These estimates do not include managerial salaries or any payment to you. These estimates also do not take into account finance payments, charges, interest, and related costs you may incur if any portion of the initial investment is financed by a third party. We do not offer direct or indirect financing. These amounts are the minimum recommended levels to cover operating expenses, including your employees' salaries for three months.

Note 12. This range represents the total estimated initial investment required to open the initial Salon you agreed to open and operate under the Development Agreement and does not include any of the costs you will incur in opening any additional Salons you agree to develop under your Development Agreement. These figures do not include standard pre-opening expenses, Royalties, or National Advertising Fund contributions payable under the Franchise Agreement or debt service and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Delta Crown Salon opens for business. These figures are estimates. All amounts are non-refundable unless otherwise noted.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Approved or Designated Suppliers

Salon Supplies

The integrity of our brand is directly related to our products and services. You must purchase from us, an affiliate or our designated suppliers, all products and supplies needed to provide Salon services including all service integrity supplies, such as hair extensions, hair beads, hair products, color, adhesives. Currently, we use third-party suppliers for all service related products. We may notify you of changes to our specifications and suppliers by email, updates to the manual or other means of communication.

Salon Retail Products Inventory

You must also purchase from us or from designated suppliers all branded and private label retail hair care lines. Additional purchases you must make from us or from designated suppliers include any products or materials developed by or for us and/or which bear our trademarks, including branded brushes, branded new-member kits or other possible retail such as branded hair tools ("Proprietary Products"). You must purchase and maintain the minimum level of inventory of our Proprietary Products as needed to meet the Salon's reasonably anticipated consumer demand. You must purchase all products and materials which bear any of our trademarks solely and exclusively from us, our affiliates, or from a producer, manufacturer, distributor or supplier we designate or approve.

If you purchase any items from us or our affiliates, we may derive profits from these purchases. None of our officers has an interest in any third-party suppliers, or a material interest in any publicly held suppliers of DELTA CROWN™ franchise system but reserve the right to do so in the future.

Salon Layout Design and Fixtures, Furniture, and Additional Materials, Supplies, and Products

You will engage our designated supplier for the layout design of your Salon. Currently, we require the use of a designated supplier for much of the Salon's furniture and fixtures. In general, we may designate

suppliers from whom you will be required to purchase certain non-proprietary fixtures, furnishings, equipment, uniforms, supplies, marketing materials, forms, computer hardware, software, modems and peripheral equipment and other products, supplies, services and equipment, other than Proprietary Products, which you may or must use or sell at or through the Salon. You may use, offer or sell only those non-proprietary products that we expressly authorize, and you may purchase them from (i) us or our affiliates, (ii) suppliers we designate, or (iii) suppliers you select that we approve in advance in writing.

Computer System, Software, and Music License

You must purchase the POS computer hardware and software system from our approved suppliers. You will also be required to subscribe to certain services including accounting services, POS-related subscriptions, operating system and office software licenses, and music licenses. See Item 11 for more information about computer hardware and software requirements. We reserve the right to formulate and modify our standards and specifications for operating a Salon. This includes requiring that you take all steps, including but not limited to those related to visibility and management of your Salon that are necessary to ensure that your business is compliant with all data privacy and security laws and Payment Card Industry Data Security Standards (PCI DSS) requirements, as such standards may be revised and modified by the PCI Security Standards Council (see pcisecuritystandards.org), or such successor organization or standards that we may reasonably specify. Our standards and specifications are described in the Franchise Agreement, the Manuals, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to operation of the franchise, including standards and specifications for Approved Services and Products, equipment, signs, furnishings, supplies, fixtures, inventory, computer systems (hardware, software, applications, data network and internet connection minimum bandwidth capacities), privacy policies, encryption requirements, data and IT security policies - including implementation of phishing and other security awareness programs and training, cyber incident notification requirements, and Artificial Intelligence policies by written notice to you or through changes in the Manuals. We may issue our standards or specifications for goods and services, and changes to those standards and specifications, in writing directly to you or our approved supplier. You may incur an increased cost to comply with these changes at your own expense.

Supplier Approval

We will provide you with our Operations Manual and various supplemental bulletins and notices that will contain the specifications, System standards, and restrictions on your purchase of products and services. Upon request, we will furnish you with an approved list of suppliers which we may update periodically.

If you desire to purchase products from a supplier other than our approved suppliers, you must submit a written request to us for approval of the proposed supplier, together with any evidence of conformity with our standards and specifications as we may reasonably require or will request the supplier itself to do so. We may inspect and evaluate the supplier's facilities and products before we approve or disapprove of your proposed supplier, and you must pay all of our reasonable costs and expenses incurred in doing so. You may not use a supplier before you receive our written approval. A supplier must demonstrate to our reasonable satisfaction that it can supply an item meeting our standards and specifications for the item, that it is in good financial standing in the business community and that its products and services are reliable. We will provide you with our specifications and standards and our criteria for approval of suppliers and will approve or disapprove a proposed supplier in 60 to 90 days. We will notify you if and when we no longer approve a previously approved supplier. A supplier must continually adhere to our standards and specifications to maintain its approval.

Except as stated in this disclosure document, you are not obligated to purchase from a particular approved supplier, but must use specific brands of equipment, and in some situations certain comparable brands of equipment may be acceptable, subject to our prior written approval.

Franchised Location and Lease

You are required to use our designated supplier for real-estate and site selection assistance services. You must acquire a site for your Salon that meets our site selection criteria and that we approve. If you occupy the Salon according to a commercial lease, the lease must contain terms that we specify. (See Lease Addendum attached as Attachment F to the Franchise Agreement).

You must construct, equip, and improve the Salon in compliance with our current design standards and trade dress. You must purchase and install, at your expense, all millwork and customized fixtures, furnishings, equipment (including a point-of-sale cash register system), décor, and signs from our approved third-party suppliers.

If we grant you the right to open and operate multiple Salons under a Development Agreement, you may not enter into your Franchise Agreement for each subsequent Salon opened under your Development Schedule until you have received our approval in accordance with our System Standards.

Insurance

You must obtain and maintain insurance policies protecting you, and us as additional insured, on a primary non-contributory basis. The additional insured should be listed on the certificate as follows: Crown Extension Bar, LLC, and its officers, managers, members, partners, shareholders, regional directors, subsidiaries and affiliates, agents and employees; and it must be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to us), as well as third party coverage endorsement, and joint employer coverage endorsement. The policy must contain a waiver of all subrogation rights against us, our affiliates, and their successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellations, or expirations. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Salon is located and must have an A.M. Best rating of "A" or higher.

These policies must include the coverage that we require, which currently includes: (a) "all risk" or "special" property insurance covering all real and personal property and equipment on a replacement costs basis, including business interruption and extra expense insurance on an actual loss sustained basis, (b) comprehensive general liability insurance, including products and completed operations in an amount of not less than the following combined single limits: \$1,000,000 per occurrence, \$1,000,000 personal and advertising injury, \$1,000,000 completed operations/products aggregate, \$2,000,000 aggregate per location; (c) automobile liability coverage, including coverage of owned, non-owned, rented or hired vehicles with coverage in amounts not less than \$1,000,000 combined single limit, (d) employment practices liability coverage with a limit of \$500,000 per occurrence and in the aggregate, (e) professional liability insurance for all state-licensed beauty or health professionals with minimum coverage of \$1,000,000 per occurrence, (f) workers' compensation insurance for statutory limits, (g) employer's liability insurance in an amount not less than \$1,000,000, and (h) any insurance as is necessary to comply with all legal requirements concerning insurance coverage for you and your personnel attending our training programs.

At least 10 days before you are required to carry insurance, and after that at least 30 days before the expiration of any policy, you must deliver to us certificates of insurance evidencing the proper types and minimum amounts of required coverage, and evidence of the additional insured and waiver requirements. If you fail to maintain the required insurance, we or our designee may obtain the insurance for you and charge and demand reimbursement of the premium costs and costs of acquiring the insurance. Each year we may unilaterally modify the insurance minimum coverage requirements which may include an increase to the minimum coverage requirements to reflect changes in inflation or as market conditions warrant.

We may periodically increase the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

Revenue Derived from Franchisee Purchases and Leases

We may derive revenue or other material benefits from franchisee purchases and leases to the extent that franchisees purchase products or services from us, or our affiliates. As of our fiscal year ended December 31, 2025, we derived \$0, or 0% of our total revenue of \$0, as a result of required franchisee purchases or leases. As of the issuance date of this Disclosure Document, we do not have any relationships with suppliers that involve rebates, payments or other material benefits based on franchisee purchases or leases.

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

We estimate that substantially all of your expenditures for leases and purchases in establishing your Salon and approximately 60% to 80% of your total annual operating expenses on an ongoing basis will be goods and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which must meet our standards or specifications).

Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with primary suppliers for the benefit of franchisees. If we negotiate a purchase agreement for the region where your Salon is located, you must participate in the purchasing program. Presently there are no purchasing or distribution cooperatives in existence for the franchise system.

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

ITEM 9 FRANCHISEE'S OBLIGATIONS

These tables list your principal obligations under the franchise, development, and other agreements. They will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section(s) in Franchise Agreement and Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Franchise Agreement: Sections 3.1. and 3.3. and Section 1 Development Agreement: Attachment A	Items 8 and 11
b. Pre-opening purchases/leases	Franchise Agreement: Sections 3.4., 6.5., 6.6., and 10.1.	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Franchise Agreement: Sections 3.2., 3.4., and 5.1. Development Agreement: Section 1 and Attachment A	Items 7, 8 and 11
d. Initial and ongoing training	Franchise Agreement: Sections 5.1., 5.3., 5.5., 5.6., 5.7., and 5.8.	Items 6 and 11
e. Opening	Franchise Agreement: Sections 3.5. and 5.2. and Section 5 Development Agreement: Attachment A	Item 11
f. Fees	Franchise Agreement: Sections 4.1., 4.2., 4.3., 4.4, 4.5., 4.10., 4.11, 9.2.,	Items 5, 6, 8 and 11

Obligation	Section(s) in Franchise Agreement and Development Agreement	Disclosure Document Item
	9.3., 12.3., and 12.4. Development Agreement: Article 2	
g. Compliance with standards and policies/ Operating Manual	Franchise Agreement: Article 8	Item 8, 11, 14 and 16
h. Trademarks and proprietary information	Franchise Agreement: Article 7	Items 11, 13 and 14
i. Restrictions on products/services offered	Franchise Agreement: Sections 6.4., 6.5., 6.6., 6.7., and 6.8.	Items 8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Franchise Agreement: Not applicable Development Agreement: Article 1 and Attachment A	Item 12
l. Ongoing product/service purchases	Franchise Agreement: Sections 6.5., 6.6. and 8.2.	Item 8
m. Maintenance, appearance and remodeling requirements	Franchise Agreement: Sections 6.7. and 6.10.	Items 7, 8 and 11
n. Insurance	Franchise Agreement: Section 11.2.	Item 7 and 8
o. Advertising	Franchise Agreement: Article 9	Items 6 and 11
p. Indemnification	Franchise Agreement: Section 11.3.	Items 6 and 12
q. Owner's participation/ management/staffing	Franchise Agreement: Sections 6.2., and 6.3.	Item 15
r. Records and reports	Franchise Agreement: Sections 10.4, 10.5, and 10.6.	Item 6
s. Inspections and audits	Franchise Agreement: Section 10.7.	Items 6 and 11
t. Transfer	Franchise Agreement: Article 12 Development Agreement: Article 8	Items 6 and 17
u. Renewal	Franchise Agreement: Section 2.2.	Items 6 and 17
v. Post-termination obligations	Franchise Agreement: Article 14 Development Agreement: Articles 12 and 13	Items 6 and 17
w. Non-competition covenants	Franchise Agreement: Article 15	Item 17
x. Dispute resolution	Franchise Agreement: Article 19 Development Agreement: Articles 12, 13, and 15	Item 17
y. Guaranty	Franchise Agreement: Section 18.6.	Item 15

**ITEM 10
FINANCING**

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

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

Except as listed below, Crown Extension Bar, LLC, is not required to provide you with any assistance.

Pre-opening Obligations.

Before you open the Salon for business:

1. You will select and we will assign the Site Selection Area in which you may locate your Salon before you sign the Franchise Agreement, and we will approve or refuse to approve the specific Salon site within 30 days of receiving all requested information. (Franchise Agreement, Section 3.2.) If you have entered into a Development Agreement for the right to open multiple Salons, we will designate your Site Selection Areas where you will have the right to locate and secure a Premises for each of your Salons. At no time will a franchisee be provided exclusive rights to any Site Selection Area outside the single Site Selection Area in which they are currently in development. (Development Agreement, Section 1)
2. We will admit up to two individuals to our initial training program, as described below. You will pay a fee for any additional attendees. (Franchise Agreement, Section 5.1.1)
3. We will also provide opening training to you and to your stylists. This training may be provided on-site, virtual or a combination of means, to include at your Salon, at our designated training facility or such other location we determine at our discretion. (Franchise Agreement, Section 5.1.2)
4. We will make available, on loan to you, a copy of our Manuals. (Franchise Agreement, Section 8.1.) The Table of Contents of our Confidential Operations Manual is attached to this disclosure document as Exhibit E. Our Manual contains 149 pages.
5. We, or our affiliates, will provide such pre-opening consultation and advice as we deem appropriate, which may include advice with regard to the development and operation of the Salon, building layout, furnishings, fixtures, and equipment, plans and specifications, employee recruiting, selection, and training, purchasing and inventory control, marketing, and such other matters as we deem appropriate. We do not directly contribute to the hiring of employees. However, we provide assistance in the initial training for opening the Salon. We will provide minimum pricing for all service and retail products that you must adhere to. We have pricing tiers which franchisees choose from based on their market dynamics, competitive assessment and market conditions. Although we assist with this choice, you will have the final determination on the pricing tier selection. Currently we do not have any price maximums. (Franchise Agreement, Section 5.4.)

Continuing Obligations.

During the operation of the Salon:

1. We will provide such ongoing consultation and advice as we deem appropriate, which may include information about new services and product developments, instruction concerning the operation and management of the Salon, advertising and marketing advice, and certain financial advice. (Franchise Agreement, Section 5.5.)
2. We will communicate to you information about our approved and designated suppliers. (Franchise Agreement, Section 6.6.)

Advertising & Marketing

Our recommended local advertising program for the products and services offered by DELTA CROWN™ Salons, including membership marketing & retention currently consists of digital and community-based advertising. We may also develop and require membership marketing strategies and perks programs. Our advertising and marketing materials are currently developed both in-house and with the help of outside advertising agencies and consultants. You will have access to all of our marketing and advertising templates through our Intranet website. You are required to use, feature and display only marketing materials, including brochure-ware, digital and all social assets, that are created by us. Franchisees are required to use only pre-approved suppliers for print and promotional purposes to maintain the design efficacy of DELTA CROWN™. Franchisees are permitted to engage in organic social media and events, always following the System Standards and without seeking approval. The franchisor maintains the right to adjust permissions, as necessary.

Marketing Fee

We do not require that you contribute to an advertising fund. As described in Item 6, however, we impose and collect 2% of Gross Revenue as a Marketing Fee which compensates us for certain marketing and promotional activities such as the management of online entities and the creation and production of promotional materials. While we have no contractual obligation to do so, it is our intent to spend Marketing Fee monies, or an equivalent amount, on national brand development, promotions, websites, and other brand awareness activities. We do not guarantee that you will benefit from the Marketing Fee in proportion to your Marketing Fee payments.

Marketing Fee monies will not be held in a trust or escrow account, nor do we have any contractual obligation to account for Marketing Fee monies separately, and we will not have any fiduciary obligations to you with respect to the Marketing Fee. We will determine the use of the Marketing Fee monies. The collection and accounting of the Marketing Fee is not independently audited separate from Franchisor's annual audited financial statements. A franchisee may request an annual report of general category spending of collected Marketing Fees. This report may be requested in writing and will be provided in the manner we determine no more than one time per year and only after March 1 for the prior year. If Marketing Fee monies are not spent in the fiscal year in which they accrue then, as these amounts are general operating funds, we may spend such monies as we deem appropriate. We will not be required to spend any particular amount on marketing, advertising, or promotion in your Salon's market area, nor any pro rata amount based upon your Marketing Fee payment. We do not primarily use Marketing Fees received for the solicitation of new franchise sales. During our most recently completed fiscal year, Marketing Fees were spent in the following approximate percentages: 0% administration; 0% website; 0% national advertising; 0% national social media; 0% creative; 0% marketing software; 0% stylist recruitment; and 0% public relations. Franchisor-owned outlets are not obligated to pay Marketing Fees.

Local Advertising

Beginning with two months prior to opening and continuing for the first 12 full months of operation, you must spend a minimum of \$2,000 per month during the first 12 full months of operation on approved marketing and promotional activities in your market area. Afterwards and for the remainder of the term of the Franchise Agreement, you must spend at least \$2000 per month on approved marketing and promotional activities in your market area. You must report, in the format we require, as often as quarterly but no less than annually, your itemized local advertising expenditures to confirm the required expenditures have been met. As a component of your Local Marketing Spend, you will pay the then-current monthly MarTech fee to the Home Office as described in ITEM 6.

If you fail to meet the minimum spending requirement, we may, upon your receipt of our written notice (and on a going forward basis) deduct the required local advertising expenditure amount each month from your account which we will spend on your behalf to promote the Salon in your market area. We will

continue this process until such time as we may determine, in our sole discretion, that you can reassume this obligation on your own behalf.

Membership Marketing

We may, in our sole discretion, elect to develop Membership Marketing campaigns and programs for the benefit of acquiring and retaining members. If such programs are formed, we will retain the right to change, dissolve, or merge with other programs at our sole discretion. As of the date of this disclosure document, we have not established any membership marketing programs, however, when applicable, the terms of the Franchise Agreement require you to participate in any such Membership Marketing programs as directed by us.

Membership Perks Program

If we established a membership perks program, we will require your participation. Your fee will be equal to the actual cost charged by a third party. Currently there are no Membership Perks Programs requirements.

Advertising Cooperative or Advertising Council

We may, in our sole discretion, elect to form an advertising cooperative and/or advertising council for the benefit of the franchise system. If advertising cooperatives or councils are formed, we will retain the right to change, dissolve or merge any such cooperative or council, in our sole discretion. As of the date of this disclosure document we have not established any advertising cooperative or council, however, when applicable, the terms of the Franchise Agreement require you to participate in any such advertising cooperative or council as directed by us.

Computer Systems & Technology Hardware

You must purchase, install and maintain the electronic point of sale computer systems that we designate to record sales and transaction data (such as appointment time, item or service ordered, price, and date of sale) as well as data related to Salon operations (the "Computer System"). You will use the Computer System as a cash register system, a customer data system, an inventory system, an employee payroll and time maintenance system, a daily sales reporting system, and an accounting system. You must purchase, install and maintain required Technology Hardware that we designate to operate your salon.

You must connect the Computer System to a communications channel capable of accessing high speed internet via a third-party network. We also require that you purchase our required firewall/router to create a network for your Salon's computers and to grant us, and other designated third parties such as our designated computer support supplier, remote access your Computer System. Updates or replacement of the Computer System, both hardware and/or software, may be required. There is no contractual limitation on the frequency or cost of these obligations. We will have the right to independently access all information and financial data recorded by the system for daily polling, audit and sales verification. There are no contractual limitations to our right to access the information and data recorded by your system.

The approximate cost to purchase the Computer System, POS Software for the three months, and Technology Hardware Package is \$10,687 to \$13,280, which varies based on your selections and other factors. This amount includes the cost of purchase, setup, installation, and training on all Technology Hardware and the POS initial set up fee described below. You must purchase both the required hardware and software from our designated and approved suppliers. Your Salon will utilize a laptop, an iPad, a Phone, and a Printer as part of the approved Computer System. The Technology Package includes networking items, Speakers and Security cameras.

You will purchase a subscription to our POS provider. The current ongoing subscription fee of \$499 per month for the generic product, not including taxes or additional services. This subscription includes technical support. This fee is subject to change.

No later than 90 days after you begin our on-boarding process, you must obtain certain designated software and pay the respective software vendors their then-current fees, including for accounting, Microsoft Office 365, and email services.

We have also established a Technology Fee, currently \$200 per month, which we will apply toward such software and technology related costs, intranet development, support, maintenance, and related costs; software or application development, customization, and implementation; online or Internet-related support; hardware and/or software support; business intelligence development and other such technologically-related activities.

At our request, you must, install and maintain interactive multi-media equipment, devices, and facilities that we require, including approved music systems, wi-fi and other wireless Internet and communications systems, and interactive displays, including plasma or LCD screens.

Except as described above, neither we, our affiliates, nor any third parties must provide ongoing maintenance, repairs, upgrades, or updates to your computer system or other computer equipment. Except as described above, there are currently no optional or required maintenance/upgrade contracts for the Computer System or other computer equipment.

You must install any other hardware and/or software for the operation of the Salon that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. There is no contractual limitation on the frequency or cost of these obligations. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by DELTA CROWN™ Salons.

Initial Training Program

The Initial Training Program consists of two components for a fee of \$8,000. The initial training fee is due at the time of signing and is not refundable. The first component is “Business Training” and is typically hosted in Dallas, TX. The second component, “Salon Opening Training” including technical training may be provided on-site in your salon, in-person at our Dallas Headquarters or via virtual instructor led training, just prior to opening. We will determine, at our discretion, which methodology is most suitable based on a number of factors. All franchise owners are required to attend both components. You are eligible to attend Business Training only after you have a signed Lease. Typically, franchisees attend Business Training within 90 to 100 days of their anticipated Soft-Opening. The completion of Business Training is mandatory. We reserve the right to delay this training if all of the pre-training requirements, as set forth in the Operations Manual and onboarding processes, are not met. If you are hiring a General Manager to run the salon operations, we require you have them attend this training as well. We will provide the training, the instructor(s), a training manual, and other materials for up to two trainees. You must pay us a fee (currently \$300 per day) for each additional attendee you send to the initial Business Training program. We reserve the right to implement online training in addition to, or that cover certain, business-related subject matters currently included in classroom training sessions. You are responsible for all travel and lodging expenses related to attending initial Business Training. Our Vice President of Training, Noelle Peter, oversees DELTA CROWN™ Corporate Training team. The Initial Training Program is only required in connection with your first salon, so long as you will be the general manager of your subsequent salons and/or maintain the same manager.

The Initial Training Program Fee of \$8,000 currently includes Business Training and the cost of travel for the corporate stylist trainer and salon opener to provide Salon Opening Training at your first Salon only. “Salon Opening Training” including technical training may be provided on-site in your salon, in-person at our Dallas Headquarters or via virtual instructor led training, just prior to opening. We will determine, at our discretion, which methodology is most suitable based on a number of factors. The cost of owner or salon employee related travel is not included in the \$8,000 fee. Any/all additional training, including

training for—if applicable, requested or required by the franchisor—your second and subsequent Salons, is currently provided at \$300/day plus travel.

The initial training program is held on an as needed basis and is directed by our Vice President, Noelle Peter. Noelle Peter has over 10 years’ experience in franchise operations and training. Ms. Peter’s experience includes leading all sales and management training, financial planning, employee hiring, marketing, operations, point of sale systems and data and KPI management. Each component of the initial training program must be completed to our satisfaction. You must attend and participate in all sessions of the Initial Training Program. If we determine that you have not completed or are unable to complete our initial training program satisfactorily, we may offer another chance to re-take the initial training program at your expense. Your failure to complete initial training to our satisfaction will give us the right to terminate your Franchise Agreement.

TRAINING PROGRAM

Subjects	Hours of Classroom Training	Hours of on the job Training	Location
Initial Business Training, including but not limited to: <ul style="list-style-type: none"> • Hiring, • Team Management, • Culture building, • Schedule Management, • Unit Economics, • KPI Metrics, • Retail Sales, • Product Knowledge, • Purchasing & Inventory, • Memberships, • Selling Skills, • Marketing overview, • NSO Marketing Planning, • General Operations 	16 - 36	0	Dallas, Texas or such other designated training center
Stylist Service Training	0 - 36	0 - 36	On the job training: your Salon location
Salon Operations and Front Desk Training	0 - 36	0 - 36	On the job training: your Salon location
TOTAL	16 -108	0 - 72	

If we determine, however, that you have not met the minimum requirements for the establishment of the Salon by the timelines set forth in the Manual, we may elect to provide you with additional on-site assistance as we deem appropriate and you agree to pay our per diem fee for this additional assistance as well as our related travel, lodging, and dining costs.

We may make available additional courses, seminars, and other training programs as we consider appropriate. You must cause your General Manager and other employees whom we designate to attend these mandatory programs. In addition to our fee related to such additional training programs, you must pay all attendance related travel, lodging, and dining costs for your Managing Owner, General Manager and designated employees.

Site Selection and Opening

You must acquire an acceptable site and open your Salon by no later than the Control Date identified in the Franchise Agreement, which is one year from the effective date of the Franchise Agreement and typically means securing a site no later than six months after signing the Franchise Agreement. If you fail to acquire an acceptable site and open by Control Date, we may grant you an extension so long as you are actively pursuing an acceptable salon location. If you are not actively pursuing a salon location, we may terminate the Franchise Agreement or revoke your territorial rights within the Site Selection Area. You acknowledge that Franchisee Fees are earned upon receipt and that no refund is available to you if you fail to open. For each proposed site that you identify through partnership with our required real-estate provider, you must deliver to us a franchise site application in a form that we prescribe, including information about the site as we may reasonably request to perform our evaluation. We will approve or refuse to approve your proposed site within 30 days of receiving all requested information about the site. The criteria that we use to evaluate the site include general location, neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. Factors the Franchisor considers in approving sites are demographics of the area, rent and square footage. Franchisor does not generally own the premises, nor leases it to the franchisee.

A Salon usually opens for business within twelve months after the Franchise Agreement is signed. You must find a site and enter into a lease within 9 months from signing your Franchise Agreement. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to locate a location which we will accept; to obtain any financing you need; to obtain required licenses, permits, and governmental agency approvals; to fulfill local ordinance requirements; to complete construction, remodeling, alteration, and improvement of the Franchised Location, including the installation of fixtures, equipment, and signs; and to complete our initial training program and to complete the hiring and training of personnel. Delay in construction may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors.

If you fail to open the Salon by the Control Date, we can terminate the Franchise Agreement. If you have entered into a Development Agreement to open multiple Salons, your Development Agreement will include a Development Schedule containing a deadline by which each Salon must be open and operating. If you fail to develop each Salon by its corresponding deadline, we may terminate the Development Agreement and revoke your territorial rights within the corresponding Site Selection Areas.

ITEM 12 TERRITORY

Franchise Agreement

Under the Franchise Agreement, you have the right to establish and open a Delta Crown Studio within the Site Selection Area. You will select a Salon location, which we will need to accept, from within your designated "Site Selection Area" identified in Attachment B. When the Salon location is identified, we will apply a "Protected Area," which will also be identified in Attachment B to the Franchise Agreement. Except as described below, the Protected Area will consist of an area, typically a circle, surrounding your premises containing a population of up to 75,000 individuals, and will not exceed a maximum radius of five miles (or a ten-mile diameter).

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.

You will operate the Salon at a location that we have accepted and may relocate the Salon only with our prior written consent. We will consent to relocation if your lease expires or terminates through no fault of yours, or if the Salon premises is destroyed or materially damaged by fire, flood, or other natural

catastrophe, and you are not in default of the Franchise Agreement or any other agreement with us or our affiliates.

During the franchise term, we will not own or operate, or grant anyone else the right to operate, a Salon under the trademark DELTA CROWN™ within the Protected Area. Excepted out from the Protected Area will be venues within the Protected Area that we consider “Closed Markets.” These include any facility serving a captive market, including hotels, resorts, airports, public facilities, college and school campuses, military bases, and any other mass gathering events or locations, and facilities of any kind for which hair extension and other related services rights are, or may reasonably be anticipated to be, contracted to a third party or parties. As long as you meet the eligibility requirements for the Closed Market location and are not in default under any agreements with us, we agree to offer you a 30-day right of first refusal for any Closed Market locations that are located within your Protected Area prior to developing the location ourselves or offering them to a third party. Your Franchise Agreement grants you the right to sell products and services only at your Salon location. Therefore, so long as your customers come to your Salon location for the purchase of products and services, you will not be restricted from soliciting sales or accepting orders within or outside of the Territory, and neither we nor other franchisees must pay any compensation to you for soliciting or accepting orders within your Territory. The Franchise Agreement does not grant you any right to distribute DELTA CROWN™ brand products through wholesale channels, such as mail order, catalog sales, or Internet sales whether within or outside of your Territory. Unless granted to you under our Development Agreement, you do not have any options, rights of first refusal or other rights to acquire additional franchises. Neither we nor our affiliates have any current plans to operate a franchised business under a different trademark that will sell goods or services that are the same as or similar to those offered by Salons.

Development 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.

If you enter into a Development Agreement, we will provide a Development Schedule and assign a Site Selection Area for each license. Site Selection Areas assigned to subsequent salons are required to be developed in accordance with the Development Schedule otherwise the licenses associate with such Site Selection Area’s may be terminated by us.

We typically identify your initial Site Selection Areas during the franchise due diligence and offer process, based on where you tell us you wish to operate, and the agreed-to geographic description is inserted into your Development Agreement before you sign it. The Site Selection Area may not be modified at any time during the term of the Development Agreement unless the parties mutually agree to the modification in a separate signed writing. If we grant you the right to adjust your Site Selection Area(s), you may incur our then-current change fee. *Site Selection Areas assigned to subsequent salons are required to be developed in accordance with the Development Schedule of they will be rendered expired and returned to inventory.*

If you are in full compliance with your Development Agreement and any existing Franchise Agreement you have entered into with us, then we will grant you the right to open the number of DELTA CROWN™ franchises you agreed to open as part of your Development Schedule within the MSA. Franchisees are approved to start pursuing subsequent salons upon a successful opening of their initial salon and after applying for consideration. We do require that you locate, review, and secure these locations using our approved supplier for site selection services. Your rights within the MSA and Site Selection Area(s) are non-exclusive but are representative of the inventory of licenses we award within a given MSA. We reserve the right to alter inventory at any time in response to market conditions.

Once you have secured a Premises for a given Salon to be developed per your Development Agreement, we will grant you a Protected Area around that Salon as described above.

Development Schedule

Your Development Schedule will depend on the number of units you acquire the rights to develop in your Development Agreement. If you enter into an agreement granting you the rights to develop three units, your Development Schedule will be as follows:

Expiration of Development Period (each, a “Development Period”)	No. of New Salons Opened Within Development Period	Cumulative No. of Salons that Must Be Open and Operating
12 Months from Effective Date	1	1
Months 13 through 36 of the Development Agreement	1	2
Months 37 through 48 of the Development Agreement	1	3

Other Disclosures

We reserve to ourselves all other rights, including the right: (a) own and operate and to grant others the right to own and operate Salons outside the Protected Area, regardless of their proximity to the Protected Area, but will make reasonable efforts to responsibly approve sites based on experience and data; (b) to own and operate and grant others the right to own and operate DELTA CROWN™ Salons, and license the use of the Marks and System, in "Closed Markets" within and outside the Protected Area; and (c) the right to distribute products and services, whether identified by the Proprietary Marks, such as Private Label Products, or under different trademarks, within and outside of your Protected Area through alternative channels of distribution including mail order, catalog sales, department stores, retail stores, supermarkets, and/or Internet sales. We are not required to compensate you if we exercise any of the rights specified above inside your Protected Area.

Except for the Protected Area granted in your Franchise Agreement, we do not grant any rights of first refusal to obtain additional franchise rights or specific sites. If you wish to develop additional Salons, you must enter into a new Franchise Agreement and meet all our current requirements for franchisees. There are no circumstances that permit us to modify your Protected Area.




Neither the Franchise Agreement nor the Development Agreement provides you with any right or option to open and operate additional Salons, other than as specifically provided for in your Development Agreement if you are granted multi-unit development rights. Regardless, each Salon you are granted the right to open and operate must be governed by its own specific executed Franchise Agreement.

Other than the rights granted under our Development Agreement or Franchise Agreement, we do not grant you any other option or rights of first refusal to acquire additional development areas.

ITEM 13 TRADEMARKS

We own the following Marks which have been applied for on the Principal Register of the United States Patent and Trademark Office (“USPTO”) on an intent to use basis:

Mark	Serial Number	Application Date	International Class
DELTA CROWN	99453662	Oct. 21, 2025	035, 044
DELTA CROWN EXTENSIONS	99453667	Oct. 21, 2025	035, 044

Mark	Serial Number	Application Date	International Class
	99518040	Nov. 26, 2025	035, 044
	99518059	Nov. 26, 2025	035, 044
	99518066	Nov. 26, 2025	035, 044

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. There are no pending infringement, opposition or cancellation proceedings, and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

Although we have not conducted an exhaustive search of users of names which may be the same or similar to our marks, we are aware there may be additional hair extension salons throughout the United States that use a mark that is similar, though not identical to ours. There may be confusingly similar uses of our Proprietary Marks in your market area that could materially affect your use of the Proprietary Marks. We cannot represent with certainty that we have exclusive or superior rights to the name DELTA CROWN™ in all geographic areas. There may be similar uses to our Proprietary Marks of which we are unaware, which could arise from prior users. We are currently in negotiations with several companies we believe to have a name that is confusingly similar to ours in order to ensure that they change their names and acknowledge our senior trademark rights.

You may use only the Proprietary Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, “®,” “™,” or “SM,” as appropriate. You may use the Proprietary Marks only in connection with the operation and promotion of the Salon, and only in the manner we prescribe. You may not contest ownership or validity of the Proprietary Marks or any registration of the Proprietary Marks, or our right to use or to sublicense the use of the Proprietary Marks. You must sign all documents that we require in order to protect the Proprietary Marks and to maintain their validity and enforceability.

You may not use the Proprietary Marks or any part of the Proprietary Marks in your corporate name and may not use them to incur any obligation or indebtedness on our behalf.

You may not use the Proprietary Marks or any part or derivative of the Proprietary Marks on the Internet, except as expressly permitted in writing. This prohibition includes use of the Proprietary Marks or any derivative of the Proprietary Marks as part of any URL or domain name, as well as their registration as part of any user name on any gaming website or social networking website or as part of any unauthorized email address.

You must promptly notify us of any suspected unauthorized use of, or any challenge to the validity of the Proprietary Marks or Copyrighted Works, or any challenge to our ownership of, or license to use and to license others to use, or your right to use, the Proprietary Marks or Copyrighted Works. We have the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Proprietary Marks or Copyrighted Works, including any settlement of the proceeding. We or our affiliate has the right, but is not obligated, to take action against third parties for infringement of our Proprietary Marks or Copyrighted Works. We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks or Copyrighted Works. If we determine that you have used the Proprietary Marks and Copyrighted Works according to the terms of the Franchise Agreement, we will pay the cost of the defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks or Copyrighted Works according to the terms of the Franchise Agreement, you must pay the cost of the defense, including the cost of any judgment or settlement. In the event a lawsuit relating to your use of the Proprietary Marks or Copyrighted Works, you must sign all documents that we require and do all things that we consider necessary to carry out the defense or prosecution, which may include becoming a nominal party to the action. Unless the action is the result of your use of the Proprietary Marks or Copyright Works in a manner inconsistent with the terms of the Franchise Agreement, we may reimburse you for your associated costs.

We have the right to create new, modified or replacement Proprietary Marks, and to require you to use them in addition to or in lieu of any previously designated Proprietary Marks.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights material to the franchise. However, we claim copyright protection in the Manual, the design elements of our marks, our product packaging, advertising and promotional materials, and the content and design of our website (the “Copyrighted Works”).

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We have no obligation to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use, or licensing of the copyrights. You may not use any of our Copyrighted Works on the Internet without our written permission. This includes display of the Copyrighted Works on commercial websites, gaming websites, and social networking websites.

You and your employees must maintain the confidentiality of all information contained in the Manual and other information that we consider confidential, proprietary, or trade secret information. Confidential Information means all trade secrets, and other elements of the System; all customer information, which includes all data collected from former, existing, and/or potential customers including customer names and addresses, discounts and credit extensions to customers, customer contracts, designs, and status information (collectively, “Customer Information”); all information contained in the Manuals; and standards and specifications for services and products offered; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Salon which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, any training we provide, and all other information that we designate (collectively, “Confidential Information”). You must implement any reasonable procedures we may adopt to protect our Confidential Information including restrictions on disclosures to your employees and requiring employees who will have access to our Confidential Information to sign employment agreements containing non-disclosure and non-competition provisions. You are prohibited from disclosing Customer Information and our other Confidential Information to third parties, including entering such information into public/open AI models or any other AI model that uses such information to train the AI

unless specifically authorized by us, and you must adhere to any privacy policies we may now, or in the future, establish with respect to Customer and/or Confidential Information.

You may not contest our exclusive ownership of the copyrights, trade secrets, processes, methods, procedures, formulae, techniques and other proprietary information to which we claim exclusive rights.

If you or your employees or owners develop any new concept, process or improvement in the operation or promotion of your Salon, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your owners agree that any of these concepts, processes, or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If the franchisee is a business entity, at least one Owner must oversee the general operations and business activities of the Salon. You must also designate a licensed cosmetologist as General Manager, who may, but is not required to be, an Owner, who oversees the day-to-day operations of the Salon and devotes his or her full time energy and best efforts towards the management, operation, promotion, and growth of the business. The designated Owner and General Manager may be the same individual. At least one of your Owners and the General Manager (if the General Manager is not an Owner) must successfully complete our initial training program.

The General Manager may not engage in any other business or activity that requires substantial management responsibility or time commitment. If your General Manager ceases to serve in, or no longer qualifies for the position, you must designate a new General Manager within 30 days. Each replacement General Manager must successfully complete our initial training or Manager Training program before assuming responsibility.

If the franchisee is a business entity, each Owner identified in Attachment C to the Franchise Agreement must sign a Personal Guaranty and Undertaking substantially in the form attached as Attachment D-1 to the Franchise Agreement. The spouse of an Owner is required to sign the Personal Guaranty and Undertaking regardless of whether or not they have an ownership interest in the Franchisee. Any individual who attends our initial training program, including your General Manager, must sign a confidentiality and non-competition agreement substantially in the form attached as Attachment D-2 to the Franchise Agreement.

The term “Owner” means each individual or entity holding a direct or indirect beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Except as described below, you must offer and sell all only products and services that we require, and only the products and services that we have approved. We may add, eliminate and change products and service items periodically, and you must comply with all directives (which may require purchasing and installing additional equipment). There are no limits on our right to make changes. We may, on occasion, require you to test market products and/or services at your Salon. You must cooperate with us in conducting these test marketing programs and must comply with all rules and regulations that we establish.

All sales must be for retail consumption only and you may not engage in wholesale sales of any kind through any channels of distribution without our prior consent. You may not sell Proprietary Products through any

means of distribution other than from the Salon at the Franchised Location unless we expressly authorize in writing. We have the right to establish maximum, minimum or other retail pricing requirements to the extent permitted by law.

You may not operate any co-branding marketing system without our prior written consent, which may be withheld in our sole discretion. No vending, gaming machines, payphones, automatic teller machines, Internet kiosks or other mechanical or electrical devices are permitted in your Salon.

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

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

Franchise Agreement

Provision	Section in Franchise or Other Agreements	Summary
a. Length of the franchise term	Sections 2.1.	The earlier of 10 years following the date you open the Salon for business, or 11 years following the Effective Date of the Franchise Agreement.
b. Renewal or extension of the term	Section 2.2.	If you are in good standing, you can renew for two additional consecutive 10-year terms.
c. Requirements for franchisee to renew or extend	Sections 2.2.	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renew, including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document, and pay the renewal fee. Other requirements are: you must, no less than 180 days prior to the expiration date of the Franchise Agreement, provide us with your notice of intent to renew; not be in default under the Franchise Agreement; have complied with your material obligations during the Term; you have satisfied all monetary obligations owed to us, our affiliates, and third party suppliers; you must, at our request, renovate or modernize your Salon to comply with our then-current standards; demonstrate that you have the right to remain in possession of the Salon premises; comply with the then-current qualifications and training requirements; sign our then-current form of franchise agreement which may contain materially different terms from your previous franchise agreement, including different Royalty Fee and Marketing Fee rates; you and your owners sign a general release; and you pay to us the required renewal fee.
d. Termination by franchisee	Not applicable	Franchisees may terminate the agreements under any grounds permitted by state law.
e. Termination by franchisor without cause	Not applicable	Not applicable

Provision	Section in Franchise or Other Agreements	Summary
f. Termination by franchisor with cause	Sections 13.1., 13.2., 13.3., 13.4., and 13.5.	We can terminate if you materially default under your Franchise Agreement, or any other agreement between you and us, or our affiliates. In the event of the death or permanent incapacity of an owner, we may terminate if you fail to adhere to the applicable transfer of ownership requirements. We may also terminate you if you become insolvent or file for bankruptcy.
g. "Cause" defined – curable defaults	Sections 13.3., 13.4. and 13.5	You have 10 days to cure non-payment of fees, 30 days to cure non-compliance with laws, failure of quality assurance inspection, and defaults not listed in Section 13.2. You have six months to transfer the interest of an owner in the event of death or permanent incapacity.
h. "Cause" defined – non-curable defaults	Sections 13.1. and 13.2.	Non curable defaults include: bankruptcy, foreclosure, insolvency, conviction of a felony, abandonment, unapproved transfers, repeated defaults (even if cured), misrepresentations in acquiring your license, health or safety violations, knowingly understating your Gross Revenues, knowingly maintaining false books or records, trademark misuse, failure to successfully complete training, failure to open a site by the Control Date, abandonment of the Salon, failure to maintain the right to operate the Salon, violation of confidentiality and/or non-competition covenants, offering unauthorized products or services, purchases from unapproved suppliers, fail to pass two or more quality assurance/health inspections and or participate in any advertising or marketing program within any rolling 12-month period.
i. Franchisee's obligations on termination/nonrenewal	Article 14	You must cease use of our trademarks, de-identify, pay all amounts due to us, and return the Manuals to us. We may, at our option, assume all telephone numbers, telephone listings, and telephone directory advertisements for the Salon. We may, at our option, assume your lease and purchase certain Salon assets. You must, at our option, cancel or assign to us your rights to any Internet websites or web pages or e-mail addresses which contain our Proprietary Marks. (See also "r" below.)
j. Assignment of contract by franchisor	Section 12.1.	There are no restrictions on our right to assign.
k. "Transfer" by franchisee – definition	Sections 12.2., 12.3., and 12.4.	Includes transfer of the franchise or change in ownership of the entity which owns it.
l. Franchisor's approval of transfer by franchisee	Section 12.4.	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for franchisor's approval of transfer	Section 12.4.	You must notify the Franchisor of your Intent to Sell and complete the Intent to Sell paperwork reflecting financial obligations related to a transfer or sale. You must be in compliance with the Franchise Agreement and all other agreements with us or our affiliates; sign a general release; pay the transfer fee; and all of your monetary obligations to us, our affiliates, and your suppliers must be satisfied on or before the date of transfer. The new franchise owner must: meet our current

Provision	Section in Franchise or Other Agreements	Summary
		qualifications; complete training; assume your obligations under the Franchise Agreement or, at our option, sign a new franchise Agreement in our then-current form (provided, that the term of the new Franchise Agreement will be the remaining term of the existing Franchise Agreement, unless additional terms are purchased by transferee, not to exceed a total transferred initial term of 10 years); at our election, refurbish the Salon; sign a guaranty and a general release; pay transfer fee; and, if applicable, the Extended Term Fee. Additional requirements apply to business entities. (See also “r” below.)
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 12.8.	We can match any offer for your business.
o. Franchisor’s option to purchase franchisee’s business	Section 14.4.	Upon expiration or termination of your Franchise Agreement, we have the option to purchase some or all of your equipment, furnishings and fixtures at their then-current fair market value which will be determined by a qualified independent third party of our choosing.
p. Death or disability of franchisee	Section 12.9.	Same requirements as for transfer in “m” above, except there is no transfer fee and we do not have a right of first refusal. If your interest is not transferred within six months following your (or a major member, partner or shareholder’s) death or legal incapacity, your Franchise Agreement may be terminated.
q. Non-competition covenants during the term of the franchise	Section 15.1.	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any hair extension business at any location within the U.S., 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 Proprietary Marks or similar marks or operate or license others to operate a business under the Proprietary Marks or similar marks; no diversion of any present or prospective customer of ours to a competitor. Non-competition provisions are subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2.	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in any hair extension business at your former Salon location, or within a 20-mile radius of your former Salon, or within a 20-mile radius of any other DELTA CROWN™ Salon location for a period of two years following expiration, termination or transfer. Non-competition provisions are subject to state law.
s. Modification of the agreement	Sections 18.1. and 18.2.	Must be in writing and signed by all parties
t. Integration/merger clause	Sections 18.1. and 18.2.	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the franchise disclosure document and Franchise Agreement may not be

Provision	Section in Franchise or Other Agreements	Summary
		enforceable. Nothing in the Franchise Agreement or any other related written agreement is intended to disclaim representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Sections 19.2, 19.3 and 19.4	You must first bring any claim or dispute between you and us to our CEO or President and provide us with 30 days' notice and opportunity to cure. At our option, all claims, controversies, or disputes from or relating to the Franchise Agreement must be mediated, except for claims for any federally protected intellectual property rights in the Proprietary Marks, the System, any Confidential Information; collection actions or actions seeking injunctive or extraordinary relief. Disputes, other than those for claims, will be resolved by arbitration.
v. Choice of forum	Sections 19.2, 19.3 and 19.11	Mediation and arbitration at the AAA offices in the city in which we maintain our principal place of business at the time the mediation or arbitration is initiated. Subject to mediation and arbitration provision, any actions arising out of or related to the Franchise Agreement must be initiated and litigated to conclusion exclusively in the state or federal court closest to where we maintain its principal business offices at the time of filing, currently Tarrant County, Texas (unless settled by the parties after such action is initiated). We may bring an action in any other court of competent jurisdiction to seek and obtain injunctive relief. (subject to applicable state law).
w. Choice of law	Section 19.1.	Subject to applicable state law, the Franchise Agreement is to be interpreted and construed under Texas law (without giving effect to any conflict of law) except that any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently.

Development Agreement

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 6.1	The term begins on the effective date and ends on the earlier of the date you open the last Salon you are required to open under your Development Schedule or the expiration of your Development Schedule.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by	Not Applicable	Franchisees may terminate the agreements under any grounds

Provision	Section in Development Agreement	Summary
franchisee		permitted by state law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 6.2	We may terminate your Development Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g. "Cause" defined – curable defaults	Section 6.2	We may terminate the Development Agreement if you fail to meet your development obligations under the Development Agreement during the Development Period (including any monetary default) and you fail to cure such default within 30 days of receiving notice.
h. "Cause" defined – non-curable defaults	Section 6.2	We may terminate the Development Agreement if you cease to actively engage in development activities in the Site Selection Area or otherwise abandon your development business for three consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Salons within the Site Selection Area; you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against the you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; and any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i. Developer's obligations on termination/ nonrenewal	Not Applicable	Not Applicable
j. Assignment of contract by franchisor	Section 8	We have the right to transfer or assign the Development Agreement and all or any part of our rights, duties or obligations to any person or legal entity without your consent.
k. "Transfer" by developer – definition	Section 8	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l. Developer's approval of transfer by developer	Section 8	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.
m. Conditions for franchisor's approval of transfer	Not Applicable	Not Applicable
n. Franchisor's right of first refusal to acquire developer's business	Not Applicable	Not Applicable

Provision	Section in Development Agreement	Summary
o. Franchisor's option to purchase developer's business	Not Applicable	Not Applicable
p. Death or disability of developer	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
s. Modification of the agreement	Section 27	Your Development Agreement may not be modified, except by a writing signed by both parties.
t. Integration/merger clause	Section 27	Only the terms of the Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and the Development Agreement may not be enforceable. Nothing in this Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Sections 12 and 13	You must first bring any claim or dispute between you and us to our CEO or President and provide us with 30 days' notice and opportunity to cure. At our option, all claims, controversies, or disputes from or relating to the Development Agreement must be mediated, except for claims for any federally protected intellectual property rights in the Proprietary Marks, the System, any Confidential Information; collection actions or actions seeking injunctive or extraordinary relief. Disputes, other than those for claims, will be resolved by arbitration.
v. Choice of forum	Section 15	Mediation and arbitration at the AAA offices in the city in which we maintain our principal place of business at the time the mediation or arbitration is initiated. Subject to mediation and arbitration provision, any actions arising out of or related to the Development Agreement must be initiated and litigated to conclusion exclusively in the state or federal court closest to where we maintain its principal business offices at the time of filing, currently Tarrant County, Texas (unless settled by the parties after such action is initiated). We may bring an action in any other court of competent jurisdiction to seek and obtain injunctive relief. (subject to applicable state law).
w. Choice of law	Section 11	Subject to applicable state law, the Development Agreement is to be interpreted and construed under Texas law (without giving effect to any conflict of law) except that any law regulating the

Provision	Section in Development Agreement	Summary
		offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently.

**ITEM 18
PUBLIC FIGURES**

We do not currently use any public figure to promote the franchise.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Franchise 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.

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

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Table 1 discloses the historical performance of each our formerly affiliate-owned location that was open for the entire 2024 calendar year (the “2024 Measurement Period”). Except for the fact that the disclosed salon operates for 3.5 days per week, it has the same financial and operational characteristics as those being offered pursuant to this disclosure document and does not otherwise materially differ from what you would operate as a franchisee. You will be required to operate for not less than five days per week.

Type	Total	% of Rev
Revenue		
Total Membership & Package Revenue	\$464,785.81	56%
Total Product Revenue	\$112,592.90	14%
Service Revenue	\$248,839.01	30%
Total for Revenue	\$825,709.53	100%
Cost of Goods Sold		
Backbar	\$138,630.58	17%
Retail	\$17,641.17	2%
Guest Perks	\$1,316.88	0%
Credit Card Fees	\$24,871.20	3%
Estimated Royalty 6%	\$49,542.57	6%
Estimated Marketing Fee	\$16,514.19	2%
Total for Cost of Goods Sold	\$248,516.59	30%
Gross Profit	\$ 577,192.94	70%
Operating Expenses		
Payroll Expenses	\$ 217,230.94	26%
Manager Payroll	\$ 97,712.76	12%
Staff Education & Training	\$ 1,376.35	0%
Marketing	\$ 29,080.23	4%
General Operating Expenses	\$ 18,298.79	2%
Software and Dues	\$ 10,413.88	1%
Rent & Lease	\$ 88,000.00	11%
Accounting Fees	\$ 7,507.50	1%
Total for Total for Operating Expenses	\$ 469,620.45	57%
Net Operating Income	\$ 107,572.49	13%

Explanatory Notes to Table 1

1. *Total Membership & Package Revenue* means all revenue from recurring memberships and services packages.

2. *Total Revenue* means all gross receipts, less tips and sales tax and represents the amount upon which we will base your Royalty Fee and Marketing Fee pursuant to your Franchise Agreement with us.
3. *Estimated Royalties* (Calculated at 6% of *Gross Revenue*) means the calculated estimated Royalty Fees this location would have been required to pay had it been a franchise operating pursuant to this Franchise Disclosure Document.
4. *Estimated Marketing Fee* (Calculated at 2% of *Gross Revenue*) means the calculated estimated Brand Fund expenditures a location would have been required to pay had it been a franchise operating pursuant to this Franchise Disclosure Document.
5. *Total for Cost of Goods Sold* means all variable cost inputs to facilitate customer sales, including backbar, retail, hair extensions, guest perks, credit card fees, Estimated Royalty 6% and Estimated Marketing Fee.
6. *Gross Profit* means Gross Revenue less Total for Cost of Goods Sold.
7. *Payroll Expenses* means all hourly and salaried labor excluding general managers, including based wages, payroll taxes, and benefits. However, this definition does include payroll taxes for a general manager.
8. *Manager Payroll* the salaried labor costs of a general manager, excluding payroll taxes, and benefits.
9. *Marketing* means the actual local marketing expenditures of the location. Your requirements will be \$2,000 per month (\$24,000 per year).
10. *General Operating Expenses* means insurance, taxes and licenses, repairs and maintenance, utilities, office supplies, staff appreciation and recruiting.
11. *Software and Dues* means dues and subscriptions, business software, and virtual assistant expenses.
12. *Rent and Lease* means base rent and all related NNN (triple net) costs, including common area maintenance, insurance, and tax-related obligations under the lease.
13. *Total for Total for Operating Expenses* means the sum of all the names operating expenses.
14. *Net Income Operating Income* means Gross Profit less all of the aforementioned expenses. This data does not include or account for any other operating costs or expenses that are not specifically identified in this Explanatory Note or elsewhere in this Item 19.

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

Other than the preceding financial performance representation we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kristin Kidd, COO Crown Extension Bar, LLC, 550 Reserve Street, Suite 380, Southlake, Texas 76092(734) 678-0919, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
Systemwide Outlet Summary
For Years 2022-2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	1	1	0
	2023	1	1	0
	2024	1	1	0

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2022-2024**

State	Year	Number of Transfers
CO	2022	0
	2023	0
	2024	0
Totals	2022	0
	2023	0
	2024	0

**Table No. 3
Status of Franchised Outlets
For Years 2022-2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
For Years 2022-2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
CO	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

Table No. 5
Projected Openings
As of December 31, 2024

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Totals	0	0	0

The list of the names and addresses of our current franchisees is located in [Exhibit G](#). Any franchisee who has not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document is listed in [Exhibit G](#). If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, former franchisees signed provisions restricting their ability to speak openly about their experience with us. You may wish to speak with former franchisees but be aware that not all such franchisees will be able to communicate with you. There are no franchisee organizations sponsored or endorsed by us.

ITEM 21
FINANCIAL STATEMENTS

[Exhibit F](#) contains: i) audited financial statements for our parent’s parent BCC Services Holding Company and its subsidiaries for its fiscal years ended December 31, 2024, and December 31, 2023; ii) unaudited financial statements as of , as well as a signed Guarantee of Performance from BCC Services Holding Company. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

Attached as [Exhibit B](#) is our current form of Franchise Agreement with the following Attachments:

- Attachment A Glossary of Additional Terms
- Attachment B The Site Selection Area, Control Date, Franchised Location,

Attachment C	and the Protected Area
Attachment D-1	Entity Information
Attachment D-2	Personal Guaranty and Undertaking
Attachment E	Confidentiality and Non-competition Agreement
Attachment F	ACH Authorization
Attachment G	Lease Addendum
	Telephone Number Assignment Agreement

Attached as Exhibit C is our current form of Development Agreement with the following Attachments:

Attachment A	Data Sheets
Attachment B	Personal Guaranty and Undertaking

Attached as Exhibit D is our current form of General Release (Sample Form Only).

ITEM 23 RECEIPTS

Two copies of a receipt of this disclosure document appear as Exhibit J. Please return one copy to us and retain the other for your records.

EXHIBIT A
STATE APPENDIX TO DISCLOSURE DOCUMENT

Crown Extension Bar, LLC

STATE APPENDIX TO DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

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 AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

The California Corporations Code, Section 31125, requires that we give you a disclosure document, approved by the Department of Financial Protection and Innovation, prior to solicitation of a proposed material modification of your Franchise Agreement.

Item 3 of the Disclosure Document is supplemented by the following:

Neither the franchisor 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 in such association or exchange.

Item 17 of the Disclosure Document is supplemented by the following:

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

You must sign a release if you renew or transfer your franchise. California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement contains covenants not to compete that extend beyond expiration or termination of the agreement. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of Texas . This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in the county where Franchisor maintains its principal business address at the time of arbitration and each party to the arbitration is responsible for their own costs and expenses of arbitration, including legal and filing fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

The Franchise Agreement provides for a prohibition on the solicitation of employment of employees from other franchised locations. This provision may not be enforceable under California Law.

Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

The indemnification provision in the Franchise Agreement may not be fully enforceable as to punitive damages under California law.

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

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.

The Franchise Agreement and Development Agreement contain a provision requiring you to waive your right to punitive or exemplary damages against the Franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

OUR WEBSITE CAN BE FOUND AT WWW.CROWNEXTENSIONSTUDIO.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

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

FOR THE STATE OF ILLINOIS

Illinois law governs the Franchise Agreement.

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

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

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

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.

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

FOR THE STATE OF INDIANA

1. Item 17, Additional Disclosures. The following statements are added to Item 17:

The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7 et seq.) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the Franchise Agreement and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the master licensee. If any of the provisions of the Franchise Agreement conflict with this law, this law will control.

Any provisions requiring you to sign a general release of claims against us, including upon execution of the Franchise Agreement or a successor Franchise Agreement or transfer, does not release any claim you may have under the Indiana Deceptive Franchise Practices Law.

The Franchise Agreement provides that suit may be brought in Texas . These provisions may not be enforceable under Indiana law.

Indiana franchise laws will govern the Franchise Agreement and any and all other related documents.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Law are met independently without reference to these Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

FOR THE STATE OF MARYLAND

1. Item 11, Additional Disclosures. The following statements are added to Item 11.

Within 90 days of the end of each fiscal year, you may request an accounting of advertising expenditures for the preceding fiscal year.

2. Item 17, Additional Disclosures. The following statements are added to Item 17:

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against us, including upon execution of the Franchise Agreement or a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

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

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

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to these Additional Disclosures.

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.

FOR THE STATE OF MINNESOTA

1. Other Fees. The following statement is added to Item 6:
Minnesota Statute 604.113 limits the charge for Nonpayment Due to “Insufficient Funds” to \$30.
2. Trademarks. The following statement is added to Item 13:
Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Mark infringes trademark rights of a third party; provided, that we will not indemnify against the consequences of your use of the Marks unless the use is in accordance with the requirements of the Franchise Agreement and the System.
3. Choice of Forum and Law/Jury Trial. The following statement is added to Item 17:
Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination, penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
4. General Release. The following statement is added to Item 17:
Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.
5. Notice of Termination/Transfer. The following statement is added to Item 17:
With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which requires (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
3. Injunctive Relief. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rules 2860.4400J.
4. Limitations of Claims. Notwithstanding anything to the contrary in this disclosure document, to the extent that a claim is subject to Minnesota Statutes, Section 80C.15 Subd. 5, the statute shall control.

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota franchise statutes are met independently without reference to these Additional Disclosures.

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

FOR THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISOR IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT H 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" section 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

FOR THE STATE OF NORTH DAKOTA

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information replaces or supplements the corresponding disclosures in the main body of the text of the Franchise Disclosure Document and corresponding provisions of the Franchise Agreement:

Item 17.

The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law to the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 17(c), and any other place it appears in the Franchise Disclosure Document and the Franchise Agreement.

The Commissioner has determined that any requirement for franchisees to consent to termination or liquidated damages is unfair, unjust, and inequitable within the intent of the North Dakota Franchise Investment Law. Any references in the Disclosure Document requiring franchisees to consent to termination penalties or liquidated damages are deleted in Disclosure Document and Franchise Agreement.

Covenants not to compete such as those mentioned in Item 17 of the Franchise Disclosure Document and the Franchise Agreement are generally considered unenforceable in the State of North Dakota.

Under the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void. The State of North Dakota has determined that parties agreeing to arbitration or mediation of disputes at a location that is remote from the site of the franchisee’s business to be unfair, unjust, or inequitable within the intent of Section 51-19-09 North Dakota Insurance & Securities Department | 2 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee’s place of business.

The Franchise Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Disclosure Document and Franchise Agreement.

The Franchise Agreement requires franchisees to consent to a waiver of trial by jury. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Disclosure Document and Franchise Agreement.

The Franchise Disclosure Document and Franchise Agreement state that franchisees must consent to the jurisdiction of courts in the State of Texas. That requirement will not apply to North

Dakota franchisees and is deemed deleted in each place it appears in the Franchise Disclosure Document and Franchise Agreement.

The Franchise Agreement requires franchisees to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and, instead, the statute of limitations under North Dakota law will apply.

For North Dakota franchisees, the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

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

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

FOR THE STATE OF RHODE ISLAND

1. Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to these Additional Disclosures.

FOR THE COMMONWEALTH OF VIRGINIA

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for Crown Extension Bar, LLC for use in the Commonwealth of Virginia shall be amended as follows:

"Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

FOR THE STATE OF WASHINGTON

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

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.
19. Item 5 of the Disclosure Document is supplemented by the following: In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until Franchisor has met all its pre-opening obligations under the agreement and Franchisee is open for business with respect to each such location.

EXHIBIT B
FRANCHISE AGREEMENT



DELTA CROWN

**CROWN EXTENSION BAR, LLC
FRANCHISE AGREEMENT**

**FRANCHISE AGREEMENT
SUMMARY PAGES**

EFFECTIVE DATE: _____

FRANCHISEE: _____

**FRANCHISEE'S
ADDRESS FOR NOTICES:** _____

TELEPHONE NUMBER: _____

E-MAIL ADDRESS: _____

FRANCHISE LOCATION: _____

CONTROL DATE: The first anniversary of the Effective Date

INITIAL FRANCHISE FEE: \$50,000, payable on execution of this Franchise Agreement
 \$45,000, for VetFran qualifying franchisees, payable on execution of this Franchise Agreement
 \$_____, credited from the Development Fee paid to Franchisor pursuant to the Development Agreement

MARKETING FEE: 2% of Gross Revenue per month, currently paid weekly

LOCAL ADVERTISING REQUIREMENT: \$2,000 per month, beginning with the month prior to opening and continuing during the Salon's first 12 full months of operation; Afterwards, \$1,500 minimum per month (refer to Section 9.4. of this Agreement) As a component of the Local Marketing Requirement, the then current MarTech Fee is automatically collected each month. Currently, the MarTech Fee is \$185 per month, subject to increase.

ROYALTY FEE: 6% of Gross Revenue; after the first anniversary of the Control Date, a "Minimum Royalty" of \$250 per week shall apply, currently paid weekly

INITIAL TRAINING FEE: \$8,000, payable on execution on Franchise Agreement

TECHNOLOGY FEE: Currently, \$200 per month, subject to increase.

RENEWAL FEE: \$3,000

Franchisor Initials

Franchisee Initials

TRANSFER FEE:

Reimbursement of Franchisor's related costs and expenditures for transfers made for convenience of operation (refer to Section 12.2 of this Agreement)

\$2,500 for assignments of non-controlling interest (refer to Section 12.3. of this Agreement), provided, however, that if Franchisor determines any new Owners must undergo training, Franchisor may charge a reasonable tuition for such training and Franchisee agrees to cover all related travel, lodging, and dining costs.

\$5,000, plus reimbursement of Franchisor's costs in facilitating the transfer (including reasonable attorneys' fees) for assignments transferring controlling interest (refer to Section 12.4. of this Agreement)

**EXTENDED TERM FEE:
(TRANSFER ONLY)**

\$1,000 per year added (not to exceed a total initial term of 10 years)

**FRANCHISOR
ADDRESS FOR NOTICES:**

Crown Extension Bar, LLC
550 Reserve Street, Suite 380
Southlake, Texas 76092

Attention: Brand Leader

Franchisor Initials

Franchisee Initials

**CROWN EXTENSION BAR, LLC
FRANCHISE AGREEMENT**

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CROWN EXTENSION BAR, LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into as of the Effective Date reflected in the Summary Pages (the “**Effective Date**”) by and between **Crown Extension Bar, LLC**, a Delaware limited liability, (“**Franchisor**”), and the franchisee identified in the Summary Pages (referred to in this Agreement as “**you**” or “**Franchisee**”).

A. Franchisor has the right to use and to sublicense the use of an upscale salon (“**Salon**”) featuring the application of semi-permanent hair extensions and salon services, combined with a retail offering of private label hair care lines under the trade name and trademark DELTA CROWN™ (the “**System**”).

B. The distinguishing characteristics of the System include, without limitation, the combination of services provided, including semi-permanent hair extension and hair extension related salon services; brand and private label hair care products which incorporate Franchisor’s trade secrets and proprietary information (the “**Proprietary Products**”); distinctive exterior and interior design, decor, color scheme, fixtures, and furnishings; standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “**DELTA CROWN™**” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the “**Proprietary Marks**”).

D. You desire to enter into the business of operating a hair extension salon under the System and Proprietary Marks (the “**Salon**” or “**Franchised Business**”) and Franchisor desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration for the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1. Grant.

1.1.1. Franchisor grants to you the right to use the System and Proprietary Marks solely in connection with the operation of the DELTA CROWN™ Franchised Business, and you accept the right and undertake the obligation, all according to the terms and conditions contained in this Agreement.

1.1.2. This franchise includes only the right **(a)** to use the System and Proprietary Marks in connection with the retail sale of authorized products and services at the Salon location identified or to be identified in Attachment B (“**Franchised Location**”); and **(b)** to use the Proprietary Marks to advertise and promote the Salon.

1.1.3. This Agreement specifically grants you no right, among others, to **(a)** sublicense the use of the System or Proprietary Marks, **(b)** to Co-brand with another concept, or **(c)** to deliver or ship DELTA CROWN™ products, regardless of the destination, without Franchisor’s prior written consent; or **(d)** to distribute DELTA CROWN™ products through wholesale channels, such as mail order, catalog sales, or Internet sales.

1.2. Protected Area. When the physical Salon location is identified within the assigned Site Selection Area and a lease is approved, we will determine and assign a “Protected Area.” This “Protected Area” will subsequently be identified and memorialized in Attachment B to the Franchise Agreement. Except as described below, the Protected Area will consist of an area, typically a circle, surrounding your premises containing a population of up to 75,000 individuals, and will not exceed a maximum diameter of ten miles

(or a radius of five miles). During the term of this Agreement, and except for sales in "Closed Markets" (which are carved out from territorial protection, as described in Attachment B) Franchisor shall not **(a)** own or operate, or grant anyone else the right to operate, a Salon or **(b)** sell or license anyone the right to sell products and services under "DELTA CROWN™" trademark within the Protected Area identified in Attachment B.

1.2.1 So long as you meet the eligibility requirements for a Closed Market location to be developed in your Protected Area, as communicated to Franchisor by the party seeking a tenant for the Closed Market location, and you are not in default under any agreements with Franchisor or its Affiliates, Franchisor will offer to you a right of first refusal to develop the proposed Closed Market Salon location in accordance with the terms of this Section. Franchisor will provide written notice to you of the Closed Market Salon location available and any material terms the Franchisor is aware at the time written notice is provided (the "**ROFR Notice**"). If you elect to exercise your right of first refusal and to develop a Salon at the proposed Closed Market location, then within 30 days of your receipt of the ROFR Notice you must: 1) notify the Franchisor of your election to exercise your right of first as outlined in the ROFR Notice; 2) provide to Franchisor a receipt page for their current franchise disclosure document; and 3) fully execute Franchisor's then-current form of franchise agreement and pay to Franchisor all of the initial fees thereunder. If you notify the Franchisor at any time after your receipt of the ROFR Notice that you elect not to exercise your right of first refusal, or if all of the requirements to exercise the right of first refusal are not complete, you will be deemed to have rejected your right of first refusal and the Franchisor may offer the opportunity to another third party or develop the location itself or through an Affiliate without any liability or further obligation to you. If you are a party to a development agreement with Franchisor, you may elect to have the Closed Market Salon count towards your Development Schedule.

1.3. Reservation of Rights. Franchisor reserves to itself all other rights in and to use the Proprietary Marks including **(a)** the right to own and operate and to grant others the right to own and operate Salons outside the Protected Area, regardless of their proximity to the Protected Area; **(b)** to own and operate DELTA CROWN™ Salons and license the use of the Marks and System or grant others the right to own and operate DELTA CROWN™ Salons in Closed Markets within and outside the Protected Area; and **(c)** the right to distribute products and services, whether identified by the Proprietary Marks, such as Private Label Products, or under different trademarks, within and outside of your Protected Area through alternative channels of distribution including mail order, catalog sales, department stores, retail stores, supermarkets, and/or Internet sales.

1.4. Right to Operate Businesses Under Different Proprietary Marks. Nothing in this Agreement prohibits or restricts Franchisor from **(a)** owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e.*, a mark other than DELTA CROWN™ whether or not the business is the same as or competitive with DELTA CROWN™ Salons; or **(b)** owning, operating, or franchising one or more businesses offering similar products or services under the name DELTA CROWN™ or some derivative of the Proprietary Marks.

2. TERM

2.1. Term. The term of this Agreement shall begin on the Effective Date and shall expire, unless earlier terminated, on the 10th anniversary of the Salon opening, but no later than 11 years from the Effective Date, regardless of the date on which the Salon opens to the public for business.

2.2. Successor Terms. You may renew the franchise granted by this Agreement for two consecutive ten-year terms if, at the end of the initial term, each of the following conditions has been satisfied:

2.2.1. You have notified Franchisor of your intent to renew the franchise no less than 180 days and no more than 12 months prior to expiration of the then-current term;

2.2.2. You are not in default of any material provision of this Agreement, and you have complied with the materials terms and conditions of this Agreement throughout the term;

2.2.3. You have satisfied all monetary obligations owed to Franchisor, its Affiliates and third party suppliers;

2.2.4. You have renovated and refurbished the Salon premises so that they reflect Franchisor's then-current image, trade dress, equipment, and furnishings requirements;

2.2.5. You have demonstrated to Franchisor's satisfaction that you have the right to remain in possession of the Salon premises, or you have secured an alternate site with Franchisor's prior approval;

2.2.6. You comply with the then-current qualifications and training requirements;

2.2.7. You sign Franchisor's then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement, and each Owner executes a personal guaranty and undertaking in the form Franchisor prescribes;

2.2.8. You and each Owner sign a general and full release in favor of Franchisor and its Affiliates, and their respective, officers, directors, shareholders, members, managers, employees, and agents, of any claims arising out of or related to the franchise relationship including the offer and sale of DELTA CROWN™ franchise opportunity; and

2.2.9. You have paid the Renewal Fee in the amount specified in the Summary Pages.

3. SITE SELECTION; CONSTRUCTION; STORE LOCATION

3.1. Site Selection. You must identify, acquire, and open a site for the Salon by the Control Date (the "**Control Date**") specified in the Summary Pages and Attachment B. You must agree to use our designated real-estate supplier to assist you in locating a site. Our designated real-estate supplier will assist with identifying sites that meet our criteria and adhere to "Protected Area" boundaries. The site must be located within the Site Selection Area (the "**Site Selection Area**") identified in Attachment B, must meet Franchisor's then-current site selection criteria, and must otherwise be mutually acceptable to you and to Franchisor. If you are opening a subsequent salon, you may apply for an exception electing not to use the designated real-estate supplier. If Franchisor approves your exception in its sole discretion, you must agree to all self-managed real-estate requirements. Ultimately, site selection and decision to sign a lease is solely your responsibility. Once you have acquired the site for the Salon, Franchisor will apply and define the "Protected Area" and Attachment B will be executed and supplemented accordingly.

3.2. Franchise Site Application. For each proposed site that you identify, you must deliver to Franchisor a completed franchise site application in a form Franchisor prescribes, including such information about the site as Franchisor may reasonably request to perform its evaluation. This information may include, among other things, a description of the proposed site, demographic and psychographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase price, rental obligations, and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises. Franchisor will approve or refuse to approve a proposed site within 30 days after the receipt of these documents and any additional information as Franchisor may reasonably require. Franchisor's failure to provide notification within this time period shall not be considered either approval or disapproval. **The parties acknowledge and agree that Franchisor's site approval is not an assurance that the Salon will achieve a certain sales volume or level of profitability; it means only that the proposed site meets Franchisor's minimum criteria for DELTA CROWN™ Salons.**

3.3. Lease. If you will occupy the Franchised Location under a lease with a third-party landlord, Franchisor shall have the right to approve the lease terms, and the lease shall not be signed until it has been reviewed and approved by Franchisor. **The parties acknowledge and agree that Franchisor's approval of a lease does not mean that the economic terms of the lease are favorable, it means only that the lease contains the lease terms that Franchisor requires.** The lease must also contain the terms reflected

in Attachment F, including Franchisor's option to assume the lease in the event of expiration or termination of this Agreement. The lease must be executed within nine-months of the Franchise Agreement Effective Date and you are required to be open and operational by Control Date, and you shall provide to Franchisor a fully executed copy of the lease within 10 days after its execution.

3.4. Salon Design and Build Out. You agree to follow Franchisor's procedures, programs and processes for the Salon construction and build out, and you agree to construct and build out the Salon according to Franchisor's standards and specifications for design, décor and layout, and shall equip the Salon according to Franchisor's requirements for fixtures, furnishings, equipment, interior and exterior signage, artwork and graphics, and awnings. You are solely responsible for obtaining all government approvals, zoning classifications, permits, and clearances related to the Salon, and for complying with applicable requirements of the Americans with Disabilities Act. During construction, you must maintain general liability and property damage insurance of the type and with the limits Franchisor requires, protecting you, Franchisor, and its Affiliates, and their respective partners, shareholders, directors, members, manager, agents, and employees. Such policy or policies shall be written by a responsible insurer or insurers acceptable to Franchisor and shall contain a waiver of subrogation in favor of Franchisor and its Affiliates, and their respective partners, shareholders, directors, members, managers, agents, and employees. You shall notify Franchisor in writing when construction begins and thereafter shall provide a monthly progress report. Franchisor and its designees have the right to inspect the site at all reasonable times.

3.5. Opening.

3.5.1. You must ensure that your Salon is open and operating no later than the Control Date identified on the Summary Pages and Attachment B.

3.5.2. You may open the Salon for business only with prior written permission of Franchisor.

3.5.3. Franchisor will grant permission to open only if **(a)** all amounts due Franchisor under this Agreement have been paid, **(b)** the Salon has been constructed and equipped according to Franchisor's standards and specifications, **(c)** all of your pre-opening and training obligations have been satisfied, **(d)** Franchisor has received from you a signed ACH Authorization (Attachment E) by no later than the Control Date; **(e)** Franchisor has received from you a fully executed copy of your Salon lease containing the mandatory lease terms described in Attachment F; **(f)** Franchisor has received from you certificates of insurance as required by Article 11; and **(g)** you are otherwise in good standing under this Agreement.

3.6. Relocation. You may relocate the Salon only with Franchisor's prior written consent. Franchisor will grant its consent if your lease expires or terminates through no fault of yours, or if the Salon premises is destroyed or materially damaged by fire, flood, or other natural catastrophe (an "**Innocent Loss or Casualty**") and you are not in default of this Agreement or any other agreement between you and Franchisor or its Affiliates. Selection of the relocation site and Salon construction, renovation, and opening shall be governed by this Article 3; provided that if the relocation occurred as a result of an Innocent Loss or Casualty event, the Salon must be open for business at the new location within 180 days of closing at the previous location; however, if the relocation occurred for any other reason, the Salon must be open for business at the new location within five days of closing at the previous location. You are solely responsible for all relocation costs and expenses.

4. FEES

4.1. Initial Franchise Fee. Upon execution of this Agreement, you shall pay Franchisor an Initial Franchise Fee in the amount specified in the Summary Pages. You acknowledge and agree that the Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable under any circumstances.

4.2. Initial Training Fee. Upon execution of this Agreement, you must pay the Initial Training Fee in the amount specified in the Summary Pages. You acknowledge and agree that the Initial Training Fee is fully earned by Franchisor when paid and is not refundable. The Initial Training Fee includes attendance

for you and one additional representative at Business Training, and for our Salon Opening Training. Additional training is subject to the Franchisor's then current tuition.

4.3. Royalty Fee. During the term of this Agreement, you shall pay to Franchisor a nonrefundable and continuing Royalty Fee in the amount specified in the Summary Pages for the right to use the System and the Proprietary Marks. If any taxes, fees, or assessments are imposed on Royalty Fee payments by reason of Franchisor acting as a franchisor or licensing the Marks under this Agreement, you shall reimburse Franchisor the amount those taxes, fees, or assessments within 30 days after receipt of an invoice from Franchisor. Beginning one year after the Control Date, you will pay the greater of the actual weekly Royalty Fee or the Minimum Royalty as described on the Summary Pages.

4.4. Marketing Fee. During the term of this Agreement, you shall pay to Franchisor a nonrefundable and continuing Marketing Fee (the "**Marketing Fee**") in the amount specified in the Summary Pages. In consideration for the Marketing Fee, Franchisor will provide such advertising, marketing, and promotional services as Franchisor deems appropriate in its sole discretion. Franchisor may collect the Marketing Fee on such periodic basis as Franchisor specifies, which may be weekly, monthly, or otherwise.

4.5. MarTech Fee. During the term of this Agreement, you shall pay to Franchisor the then-current MarTech Fee (the "**MarTech Fee**"), which is both nonrefundable and continuing. The MarTech fee is considered a component of the Local Advertising requirement but is collected by the Home Office in conjunction with Marketing Fee. In consideration for the MarTech Fee, Franchisor will provide certain digital utilities, hosting and related marketing technology initiatives. Franchisor reserves the right to increase the MarTech Fee in relationship to direct expenses with 30 days' notice.

4.6. Technology Fee. You must also pay to Franchisor, on such date and in such manner as Franchisor designates, a Technology Fee in the amount indicated on the Summary Pages to be used in connection with certain software and technology related costs as determined by Franchisor in its discretion. Such amounts may be used, for example, for intranet development, support, maintenance, and related costs; software or application development, customization, and implementation; online or Internet-related support; hardware and/or software support; business intelligence and other such technologically related activities as Franchisor may determine from time to time. Franchisor reserves the right to increase the Technology Fee with 30 days' notice.

4.7. Other Payments. In addition to all other payments provided in this Agreement, you shall pay Franchisor its Affiliates and vendors promptly when due:

4.7.1. All amounts advanced by Franchisor or which Franchisor has paid, or for which it has become obligated to pay on your behalf for any reason whatsoever.

4.7.2. The amount of all sales taxes, use taxes, personal property taxes and similar taxes, which shall be imposed upon you and required to be collected or paid by Franchisor **(a)** on account of your Gross Revenue, or **(b)** on account of initial franchise fees, royalty fees or advertising fees collected by Franchisor from you (but excluding ordinary income taxes). Franchisor, in its discretion, may collect the taxes in the same manner as Royalty Fees are collected and promptly pay the tax collections to the appropriate governmental authority; provided, however, that unless Franchisor so elects, it shall be your sole responsibility to confirm and pay all sales, use or other taxes now or hereinafter imposed by any governmental authorities on initial franchise fees, royalty fees and advertising fees.

4.7.3. Amounts due relating to your participation in marketing programs pursuant to Sections 9.4, 9.5, 9.6, and 9.7 of this Agreement.

4.7.4. All amounts due for any reason, including on account of purchases of Proprietary Products, supplies, services and programs relating to the Franchised Business.

4.8. No Set-Off Rights. You may not set off, deduct or otherwise withhold any fees or other amounts due to the Franchisor under this Agreement on the grounds of alleged nonperformance by Franchisor of

any of its obligations or for any other reason. Withholding royalties or any other amounts due Franchisor is a material breach of this Agreement.

4.9. Payment Terms. All payments required by this Agreement shall be paid within the time Franchisor specifies, provided that such day is a Business Day (the “**Due Date**”). If the Due Date is not a Business Day, then payment shall be due on the next Business Day.

4.10. Payment Procedures. Franchisor shall determine the amount of the Royalty Fee, Marketing Fee, and other amounts due under this Agreement by accessing and retrieving Gross Revenue data from your computer system, as permitted by Article 10, and shall provide notice to you (each a “**Fee Notice**”) stating the applicable Royalty Fee, Marketing Fee, and other fee amount, if any, no later than the Due Date. If you wish to dispute the amount, you shall deliver to Franchisor written notice of the dispute, along with all evidence that supports your claim within two Business Days following delivery of the Fee Notice. On each Due Date, Franchisor will transfer from your commercial bank operating account (“**Account**”) the undisputed amount of fees reflected in the Fee Notice. If you have not reported Gross Revenue for any reporting period, or if Franchisor determines that you have underreported Gross Revenue, Franchisor also has the right to transfer from the Account, at its option, an estimated payment, plus interest, which payment may be based on the Salon’s historical performance and/or the amount of your purchases of required products. Any overpayment will be credited against future payments due under this Agreement.

4.11. Electronic Fund Transfer. You shall participate in Franchisor’s then-current electronic funds transfer program authorizing Franchisor to use a pre-authorized bank draft system. You shall: **(a)** comply with Franchisor’s procedures, as specified in the Manual or otherwise in writing; **(b)** perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 4.9.; **(c)** give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account for payments of the Royalty Fee, Technology Fee, Marketing Fee and other amounts payable under this Agreement, including any interest charges; and **(d)** make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for each payment thereof. Notwithstanding the provisions of this Article 4, Franchisor reserves the right to modify, at its option, the method by which you pay the Royalty Fee, Marketing Fee and other amounts owed under this Agreement upon receipt of written notice by Franchisor. Your failure to have sufficient funds in the Account is a material breach of this Agreement.

4.12. Interest; Nonsufficient Funds Charge. Any payments not received by Franchisor by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Salon operates, whichever is less. If any check, draft, electronic or otherwise, is returned for insufficient funds, you shall pay to Franchisor a nonsufficient funds charge in the amount of \$50 (which may be increased each year by an amount not to exceed 10% of the then-current amount) and reimburse Franchisor for all expenses that it incurs on account of such nonsufficient funds.

4.12. Partial Payments; Application of Payments. If you pay less than the amount due, your payment will be considered a partial payment on account. Franchisor may accept such payment as a partial payment, irrespective of any endorsement or other statement that the payment constitutes full payment. Franchisor’s acceptance of such partial payment will not be considered a waiver of any of its right to demand or receive full payment, and you hereby waive any estoppel defense in this regard. Franchisor may apply your payments to any indebtedness, in its sole and reasonable discretion, regardless of any designation that accompanies the payment.

4.13. Payment of Taxes. To the extent that any sales, excise, or similar taxes are imposed on payments for goods or services provided by Franchisor, you shall pay such taxes. You agree to research your local tax requirements notwithstanding any support by us. You acknowledge that we will not research your local tax laws or advise on the same. You acknowledge and agree that you are wholly responsible for taxes relating to your Salon. You will notify us if your local laws require the collection of any taxes by your Salon.

4.14. Collection Costs and Expenses. You shall pay Franchisor on demand any and all costs and expenses incurred by Franchisor in enforcing the terms of this Agreement including, without limitation, collecting any monies that you owe to Franchisor. These costs and expenses include, without limitation, costs and commissions due a collection agency, reasonable attorneys' fees, costs incurred in creating or replicating reports demonstrating Gross Revenues of the Salon, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.

4.15. Administrative Default Fee. In the event of default under this Section 4, or in the event of any instance of your non-compliance with this Agreement, the Manual, or other policies and System standards, for which we notify you of such default or non-compliance, at our discretion we may require you to pay an administrative fee to us in the amount of One Hundred Dollars (\$100) per occurrence, and One Hundred Dollars (\$100) for each week such default or non-compliance remains uncured, plus any and all of our costs and expenses to enforce compliance by you or to cure such default, including our attorneys' fees. Such administrative fee and other charges are intended to reimburse us for our time, expense, and other expenditure of resources incurred due to your default or non-compliance. Our decision to require you to pay such administrative fee shall be without prejudice to our right to terminate this Agreement and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement. We may obtain payment of such administrative fee by way of electronic fund transfer.

5. TRAINING AND ASSISTANCE

5.1. Initial Training. Before you may open the Salon for business the Managing Owner and other trainees must attend and complete, to Franchisor's satisfaction, Franchisor's initial training program, which consists of two distinct types of training: business-related training and opening and technical service-related training (together "**Initial Training**")

5.1.1 Business Training. The business-related portion of the Initial Training ("**Business Training**") will take place at a location and time that Franchisor designates, which could include virtual training, and only after you have executed a lease for the Franchised Business, provided, however, that Franchisor reserves the right to delay this portion of the Initial Training program until such time as you have completed all pre-initial training items set forth in the Manuals. Up to three individuals may attend the Business Training portion of the Initial Training program and the subsequent Owner Stylist Training Introduction, without additional tuition charge. If the Managing Owner is not the General Manager, both the Managing Owner and the General Manager must attend the Business Training. If the General Manager is also the Managing Owner, then one other employee may attend without charge. At your request, Franchisor may permit additional individuals to attend the Business Training, subject to space availability and payment of Franchisor's then-current tuition. You are responsible for all costs and expenses of complying with Franchisor's Business Training requirements including, without limitation, tuition and registration costs, and salary, travel, lodging, and dining costs for all of your employees who participate in and attend the Business Training.

5.1.2 Salon Opening Training. We provide one individual (corporate stylist trainer) to provide you with stylist training services, which, at our discretion, may be at your Salon for a period of up to 5 days ("**Stylist Training**"), typically in conjunction with a second individual (salon opener for 3 days) to provide opening support, software and sales training ("**Opening Support Training**"). Collectively, the Stylist Training and Opening Support Training are referred to as "**Salon Opening Training.**" The Initial Training Fee of \$8,000 includes the cost of our travel, for the corporate stylist and salon opener trainer. Any additional training is charged at \$300/attendee/day plus our travel costs if relevant. These programs and their content are subject to change as described in the Manuals. The Managing Owner/General Manager is required to attend and participate in Salon Opening Training.

5.2. Additional Opening Assistance. At your request or as required by Franchisor, Franchisor may, in its sole discretion, provide additional opening assistance, including on-site opening assistance, subject to

availability of personnel and at the Franchisor's current daily rate. In such event, you agree to pay Franchisor's current daily rate for providing such assistance, and you must reimburse Franchisor for all out-of-pocket costs it incurs in connection with providing such additional assistance, including travel, lodging, and dining costs for the individual(s) providing such assistance. If Franchisor determines, in its sole discretion, that you have not met the minimum requirements for the establishment of the Salon by the timelines set forth in the Manuals, Franchisor may require that you accept such additional assistance as Franchisor deems appropriate. You agree to pay Franchisor's per diem assistance fee for such additional assistance as well as Franchisor's related travel, lodging, and dining costs.

5.3. Ongoing and Advanced Training. Upon your request or as required by Franchisor, Franchisor may, in its sole discretion, provide additional ongoing or on-site training assistance, subject to availability of personnel and at the Franchisor's current daily rate ("Advanced Training"). Should Franchisor agree to provide such Advanced Training, you agree to pay Franchisor's current daily rate, in some cases per attendee/trainee for providing such assistance, and you must reimburse Franchisor for all out-of-pocket costs it incurs in connection with providing such additional assistance, including travel, lodging, and dining costs for the individual(s) providing such assistance. Advanced Training currently includes Open-training (refresher), Additional Stylist Training, Local Salon Trainer (e.g., train the trainer), Manager Training and so on. All on-going and advanced training has a fee associated. The franchisor reserves the right to offer occasional incentives and discounts at their sole discretion.

5.4. Pre-Opening Consultation. Franchisor shall provide such pre-opening consultation and advice as it deems appropriate, which may include advice with regard to the development and operation of the Salon, building layout, furnishings, fixtures, and equipment, plans and specifications, employee recruiting, selection, and training, purchasing and inventory control, and such other matters as Franchisor deems appropriate.

5.5. Ongoing Consultation. Franchisor shall provide such ongoing consultation and advice as it deems appropriate, which may include information about new service and product development, instruction concerning the operation and management of DELTA CROWN™ Salon, advertising and marketing advice, and financial and accounting advice. Such consultation and advice may be provided, in Franchisor's discretion, through Salon visits by Franchisor personnel, via meetings, seminars or conferences, and/or through dissemination of electronic or printed materials.

5.6. Additional Training. You agree to cause the Managing Owner, General Manager, and other employees that Franchisor designates to attend such additional courses, seminars, and other training programs, including on-demand training, as Franchisor may reasonably require. Franchisor may charge a reasonable tuition for these additional courses, seminars, or other training programs, and you are responsible for all training-related costs and expenses including, without limitation, salary, travel, lodging, and dining costs for all employees who participate in the training.

5.7. Continuing Education Requirement. You shall cause each Salon employee providing services which require, by law, a license or certification, to complete, to Franchisor's satisfaction, Franchisor's continuing education requirement, and other certifications and ongoing education required by law. Franchisor may, in its sole discretion, exempt certain employees from such required continuing education, if Franchisor deems that the continuing education required by the licensing or certifying State meets Franchisor's minimum continuing education requirements. Upon Franchisor's request, you must provide proof of renewed license or certification, or proof of completion of continuing education requirements for each Salon employee required, by law, to be licensed or certified. You are responsible for all costs related for each stylist's attendance including, but not limited to, Franchisor's then-current tuition, your employees' salary, and all travel expenses. You shall also cause each Salon employee providing technical services to complete, to Franchisor's satisfaction, any of Franchisor's future education requirements regardless of your state's legal requirements, including any advanced training or recertification.

5.8. Additional On-Site Training. In the event that you: i) fail two consecutive quality inspections; ii) are deemed non-compliant with our System Standards; iii) have failed to attend our convention or other required meetings; iv) or otherwise create continued quality concerns within your Salon, Franchisor may, in its sole discretion, require the Managing Owner and your General Manager (or, if the Managing Owner is the General Manager, then one additional employee) to attend up to three days of additional training. You will bear all costs for such additional training including, but not limited to Franchisor's current daily rate for providing such training and all travel expenses.

5.9. Performance by Delegate. You acknowledge and agree that any rights or duties of Franchisor may be exercised and/or performed by any of Franchisor's designees, agents, or employees.

5.10 Convention. You or your representative are required to attend, no more than annually, any designated convention, regional meeting or annual training meeting. You will pay the then-current enrollment fee and are responsible for all costs of attending the convention, including travel, lodging, meals and wages. For any required training you do not attend, you will pay the same registration fee as attendees. This fee shall be automatically withdrawn by electronic funds transfer.

6. OPERATION OF THE FRANCHISED BUSINESS

6.1. General Operating Requirements. You understand and acknowledge that every detail of the System is essential to maintain and enhance the goodwill associated with the Proprietary Marks and the integrity of the brand. Accordingly, you agree as follows:

(a) To operate the Franchised Business according to the highest applicable health and safety standards and ratings, to timely obtain or cause employees to obtain any and all permits, certificates, or licenses necessary for the lawful operation of the Franchised Business, and to comply with all applicable laws pertaining to the privacy of the customer, employee and transactional information and other applicable data protection laws that are applicable to the System as a whole, and to operate the Franchised Business according to Franchisor's operating methods, standards, and specifications, and to maintain, at all times, a high moral and ethical standard in the operation of the Franchised Business.

(b) To notify Franchisor by telephone and confirm in writing within 72 hours of any investigation or violation, actual or alleged, concerning any health or safety regulations, and notify Franchisor in writing within five days of the commencement of any investigation, action, suit or proceeding, and the issuance of any order, writ, injunction, award, or decree of any court, agency or other government instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

(c) Upon the occurrence of a Crisis Management Event, to immediately inform Franchisor's President (or as otherwise instructed in the Manuals) by telephone, and to cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event.

6.2. Managing Owner; General Manager.

6.2.1. The Salon must be supervised by a General Manager. The Managing Owner may also be the General Manager. The Managing Owner shall have oversight of the General Manager and the General Manager shall have full control (the extent granted by Franchisee) over day-to-day Salon management and operations. The Managing Owner and the General Manager must attend and successfully complete Franchisor's initial training program and all additional training that Franchisor requires, to Franchisor's satisfaction. The General Manager shall devote his or her full-time efforts to Salon operations and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. Franchisor shall have approved the Managing Owner as meeting its then-current qualifications for such position.

6.2.2. If the General Manager ceases to serve in, or no longer qualifies for, such position, you shall designate another qualified person to serve as your General Manager within 30 days after the date the prior General Manager ceases to serve or no longer qualifies to serve. Any proposed replacement General

Manager must successfully complete the initial training program and such other training required by Franchisor, and be approved by Franchisor, before assuming his or her position as General Manager and, in no event, later than 90 days after the previous General Manager ceased to serve in such position. In the event of the replacement of a General Manager, the franchisor may, at its sole discretion, require on-site, in-salon training under the same terms and tuition rates contained in Article 5 above.

6.3. Employee Policy; Uniforms and Employee Appearance. You shall maintain a competent, conscientious, fully certified and trained staff, and shall take such steps as are necessary to ensure that your employees and/or independent stylists preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as Franchisor may establish from time to time in the Manuals or otherwise in writing. You shall cause all employees and/or independent stylists, while working at the Salon, to: **(a)** abide by the uniform requirements and policies set forth in the System standards, Uniform Guidelines and other specifications as Franchisor may designate from time to time, and **(b)** present a neat and clean appearance. In no case shall any of your employees and/or independent stylists wear his or her DELTA CROWN™ uniform while working for you at any location other than the Franchised Business.

6.4. Authorized Services and Product Offerings.

6.4.1. You must offer and sell all services and products that Franchisor requires, and only those services and products that Franchisor has approved. Franchisor may add, eliminate and change authorized services and/or products, in its sole discretion, and you must comply with all directives (which may require purchasing and installing additional equipment). You shall package and feature all products in accordance with Franchisor's standards and procedures as communicated to you from time to time via the Manual or other written directives. Such standards and procedures may include, without limitation, use of packing and marketing paraphernalia bearing the Proprietary Marks, and other standards for displaying for sale the proprietary products. You shall participate in all market research programs that Franchisor requires, which includes test-marketing new services and/or products, purchasing a reasonable quantity of new products for test-marketing, promoting the sale of the new services and/or products. You shall provide Franchisor with timely reports and test results for all such programs.

6.4.2. You are expressly prohibited from providing any services or using any products in the performance of services not specifically permitted by the operations manual without Franchisor's prior written consent.

6.5. Purchase Requirements.

6.5.1. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, décor, signs, and other items as Franchisor may reasonably direct; and shall refrain from installing or permitting to be installed on or about the Salon premises any fixtures, furnishings, equipment, décor, signs, vending or game machines or other items not approved for use by Franchisor. In addition, you shall purchase and use only products, packaging materials, and supplies as conform to Franchisor's standards and specifications; and shall purchase, use, offer and/or promote DELTA CROWN™ products which are produced or manufactured in accordance with Franchisor's proprietary specifications and/or formulas or which Franchisor designates as "**Proprietary Products.**"

6.5.2. Approximately 60 days prior to the opening of the Salon, you must purchase from Franchisor your initial inventory of its private label cosmetics and skin care products ("**Private Label Products**"). The purchase price of this initial inventory of Private Label Products will vary depending on the quantity and mix of product Franchisor deems necessary to meet your customer demand. Once the Salon is open for business you must on an on-going basis maintain a minimum level of inventory as determined by Franchisor in its discretion.

6.6. Purchases from Designated Sources. Franchisor and its Affiliates may act as suppliers of goods, services, products, and/or supplies to be purchased by you, including, without limitation, the Proprietary

Products and your computer hardware and software (“**Goods and Services**”), and may designate themselves as the sole suppliers of any such Goods and Services. You shall purchase your requirements of Goods and Services from Franchisor or its designated sources. Such Goods and Services shall be made available for purchase at then-current published prices according to the supplier’s then-current purchase terms and conditions. Notably, the Franchisor classifies proprietary products, retail and any products used in the application of services as “Service Integrity” products. All “Service Integrity” products must be purchased from the designated supplier to uphold compliance, standards and safety. You shall purchase all other products, equipment, supplies and materials used or sold by the Franchised Business, including, without limitation the Proprietary Products, solely from suppliers (including Franchisor, or its Affiliates, and manufacturers, wholesalers, and distributors) who demonstrate, to Franchisor’s continuing reasonable satisfaction, the ability to meet Franchisor’s reasonable standards and specifications for such items, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by Franchisor in the Manuals or otherwise in writing and not thereafter disapproved. You acknowledge and agree that Franchisor and its Affiliates may negotiate purchase arrangements with suppliers for your benefit and may derive revenue or obtain rebates, bulk pricing discounts or allowances for their own account from approved or designated suppliers if rebates or other considerations become available because of your purchases of products or services. If you desire to purchase products from other than approved suppliers, you shall submit to Franchisor a written request to approve the proposed supplier, together with such evidence of conformity with Franchisor’s specifications as Franchisor may reasonably require or shall request the supplier itself to do so. Franchisor shall have the right to inspect and evaluate the supplier’s facilities and products to be supplied, and you shall reimburse Franchisor for its costs and expenses to complete the evaluation, in addition to paying Franchisor its Supplier Approval Fee. Franchisor may from time to time re-inspect and re-evaluate the facilities and products of any approved supplier and revoke its general approval of particular products or suppliers when Franchisor determines, in its sole discretion, that such products or suppliers no longer meet Franchisor’s standards. Upon receipt of written notice of such revocation, you shall cease to sell any disapproved products and cease to purchase from any disapproved supplier.

6.7. Franchised Location.

6.7.1. You shall maintain the Salon (including adjacent public areas) in a clean, orderly condition and in excellent repair and in accordance with Franchisor’s standards. You shall, at your expense, make such additions, alterations, repairs, and replacements under this Agreement as may be required for that purpose, including, without limitation, such periodic repainting, repairing, and replacing of obsolete or deteriorated signs, furnishings, fixtures, equipment, and decor as Franchisor may reasonably direct. Upon Franchisor’s request, you shall install and maintain at the Franchised Business interactive multi-media equipment, devices, and facilities Franchisor requires, including, without limitation, approved music systems, wi-fi and other wireless internet and communications systems, and interactive displays, including plasma or LCD screens.

6.7.2. You shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks or any other mechanical or electrical device to be installed or maintained at the Franchised Location.

6.7.3. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, decor, signs, and other items as Franchisor may reasonably direct from time to time in the Manual or otherwise in writing in accordance with Franchisor’s standards and specifications; and shall refrain from installing or permitting to be installed on or about the Franchised Location, any fixtures, furnishings, equipment, decor, signs, vending or game machines or other items not previously approved in writing as meeting Franchisor’s standards and specifications.

6.7.4. At Franchisor's request, you shall make such alterations as may be necessary to reflect new product offerings and marketing incentives, including updating or replacement of new interior signage, graphics, and/or point of sale materials.

6.7.5. At Franchisor's request, but not more often than once every 60 months (and in addition to any work which you may undertake pursuant to other Sections of this Agreement), you shall refurbish the Franchised Location, at your own expense, to conform to the building design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current public image for new or remodeled DELTA CROWN™ Salons in the System, including, without limitation, replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements and reasonable structural changes that Franchisor may reasonably require or that may be required by law.

6.8. Days and Hours of Operation. You shall cause the Salon to be open and in normal operation for such minimum hours and days as Franchisor may specify in the Manual or in other written directives, but no less than five days per week.

6.9. Quality Assurance Inspections; Testing. Franchisor shall have the right to enter upon the Salon premises during regular business hours to inspect the Salon for quality assurance purposes. You shall allow Franchisor from time to time to obtain samples of ingredients, products and supplies, without charge, to test for quality assurance purposes.

6.10. Modification to the System. At your own expense, you shall make such alterations, additions, or modifications to the Franchised Location as Franchisor may reasonably require to implement changes to the System, including, without limitation, changes to products, services or market positioning. You shall make all such changes within 90 days from receipt of notice. You shall not implement any modification to the System without Franchisor's express prior written consent.

6.11. Pricing. To the fullest extent permitted by applicable law, Franchisor reserves the right to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services.

6.12. Intranet/Extranet System. Franchisor may, at its option, establish and maintain an intranet or extranet system through which members of DELTA CROWN™ franchise network may communicate and through which Franchisor may disseminate updates to the Manual and other Confidential Information. Franchisor will have no obligation to establish or to maintain the intranet indefinitely and may dismantle it at any time without liability to you. Franchisor may establish policies and procedures for the intranet's use. Franchisor expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the intranet, Franchisor can access and view any communication that anyone posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to Franchisor under this Agreement, or if you fail to comply with any policy or procedure governing the intranet, Franchisor may temporarily suspend your access to any chat room, bulletin board, listserv, or similar feature the intranet includes until such time as you fully cure the breach.

6.13. Website and Digital Presence. Franchisor may, but shall not be obligated to, establish and maintain a Website to provide information about the System and the goods and services that DELTA CROWN™ Salons provide, even though Franchisor's Website is accessible by persons in your trade area. Franchisor has sole discretion and control over the design and content of Franchisor's Website. You are not permitted to have any independent website, domain, landing page, microsite or social media identity that is not part of DELTA CROWN™ managed, controlled, described or defined processes related to digital media and marketing. We may create, operate, and promote DELTA CROWN™ in a digital environment to include websites, social media accounts, blogs, advertising, franchise opportunities, salon details and more. You

will participate in and solely use the digital properties, domains, advertising and social tools and handles which we expressly permit. Any unapproved use of digital media will be considered a compliance issue.

7. PROPRIETARY MARKS AND COPYRIGHTS

7.1. Franchisor's Representations. Franchisor represents to you that it has the right to use and to sublicense to you the right to use the Proprietary Marks in accordance with the terms and conditions of this Agreement.

7.2. Acknowledgments. You expressly acknowledge that Franchisor or its Affiliate owns all right, title, and interest in and to the Proprietary Marks and the goodwill associated with the Proprietary Marks, and that you have no ownership interest in the Proprietary Marks. You agree not to use any other Proprietary Marks or any marks, names or indicia of origin that are or may be confusingly similar to the Proprietary Marks in your own corporate or business name except as authorized in this Agreement. You further acknowledge and agree that any and all goodwill associated with the Salon and identified by the Proprietary Marks is Franchisor's property and shall inure directly and exclusively to the benefit of Franchisor and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Proprietary Marks. You understand and agree that any use of the Proprietary Marks other than as expressly authorized by this Agreement, without Franchisor's prior written consent, may constitute an infringement of Franchisor's rights herein and that the right to use the Proprietary Marks granted herein does not extend beyond the termination or expiration of this Agreement.

7.3. Use of the Proprietary Marks. You shall use only the Proprietary Marks designated by Franchisor, shall use them only in the manner that Franchisor authorizes and permits, and shall use them with the symbols "®," "TM," or "SM," as appropriate. You shall use the Proprietary Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner prescribed by Franchisor. You may not contest ownership or validity of the Proprietary Marks or any registration thereof, or engage in any conduct that adversely affects the ownership or registration of the Proprietary Marks, or Franchisor's right to use or to sublicense the use of the Proprietary Marks. You shall execute all documents that Franchisor requests in order to protect the Proprietary Marks or to maintain their validity and enforceability.

7.4. Restriction Against Use in Your Corporate Name. You may not use the Proprietary Marks or any part thereof in your corporate name and may not use them to incur any obligation or indebtedness on Franchisor's behalf.

7.5. Restriction Against Use of the Proprietary Marks and Copyrighted Works on the Internet.

7.5.1. You may not use the Proprietary Marks or any part or derivative thereof or any of Franchisor's Copyrighted Works on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, you may not use the Proprietary Marks or any part or derivative of the Proprietary Marks as part of any URL or domain name and may not register as part of any username on any website (including commercial, gaming, video sharing, user review, and social networking websites), or as part of any unauthorized email address. You also may not display on any website (including commercial, gaming, video sharing, user review, and social networking websites) Franchisor's Copyrighted Works, which include the design portion of its Proprietary Marks, or any collateral merchandise identified by the Proprietary Marks.

7.6. Notice. You shall identify yourself as an independent franchise owner of the Franchised Business in conjunction with any use of the Proprietary Marks or operation of the Franchised Business, including, but not limited to, such use on invoices, order forms, receipts, business stationery, business cards, and contracts, as well as at such conspicuous locations at the Salon as Franchisor may designate in writing. The form and content of such notice shall comply with the standards set forth in the Manuals.

7.7. **Infringement.** You shall promptly notify Franchisor of any suspected unauthorized use of, or any challenge to the validity of the Proprietary Marks or Copyrighted Works, or any challenge to Franchisor's or its Affiliate's ownership of, Franchisor's license to use and to license others to use, or your right to use, the Proprietary Marks or Copyrighted Works licensed under this Agreement. You acknowledge that Franchisor or its Affiliate has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Proprietary Marks or Copyrighted Works, including any settlement thereof. Franchisor or its Affiliate has the right, but not the obligation, to take action against third parties for infringement of the Proprietary Marks or Copyrighted Works. Franchisor shall defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks or Copyrighted Works. If Franchisor, in its sole discretion, determines that you have used the Proprietary Marks and Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that you have not used the Proprietary Marks or Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Proprietary Marks or Copyrighted Works, you shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks or Copyrighted Works in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse you for your associated costs.

7.8. **Changes to the Proprietary Marks.** Franchisor reserves the right, in its sole discretion, to designate one or more new, modified or replacement Proprietary Marks for your use and to require your use of any such new, modified or replacement Proprietary Marks in addition to or in lieu of any previously designated Proprietary Marks. You must comply with any such directive within 60 days following your receipt of Franchisor's written notice to you, and you are responsible for all related costs and expenses.

8. SYSTEM, MANUALS, AND INFORMATION

8.1. **Manuals.** Franchisor will provide you on loan a digital copy of the Manuals. You shall operate the Franchised Business in accordance with the System Standards, methods, policies, and procedures specified in the Manuals. The Manuals shall at all times be considered the sole property of Franchisor and shall be kept in a secure digital Location. You shall ensure that your copy of the Manuals are kept current at all times, and in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor shall be controlling.

8.2. **System Modification.** You acknowledge that the System, Franchisor's Confidential Operations Manuals and the Manuals, and the products and services offered by the Franchised Business may be modified, (such as, but not limited to, the addition, deletion, and modification of operating procedures, products and services) from time to time by Franchisor. You agree to comply, at your expense, with all such modifications, including, without limitation, all requirements to implement the modifications, such as replacement or renovation of equipment, remodeling, redecoration and modifications to existing improvements, including structural changes. Franchisor shall notify you of any such System changes and you shall implement any System changes upon receipt of notice thereof from Franchisor and shall complete their implementation within such time as Franchisor may reasonably specify. For purposes of this Agreement, System changes shall include, without limitation, changes in any of the categories referred to in this Section 8.2. No such modification will alter your fundamental status and rights as a franchisee under this Agreement.

8.3. **Confidentiality.** You shall maintain the confidentiality of all Confidential Information, including without limitation Customer Information, as each of those terms are defined in this Agreement. You shall use Confidential Information only in connection with the operation of the Franchised Business and shall divulge Confidential Information only to your employees and only on a need-to-know basis. You will not

disclose Customer Information and our other proprietary information, trade secrets, and Confidential Information to third parties, including entering such information into public/open Artificial Intelligence models or any other AI model that uses such information to train the Artificial Intelligence unless specifically authorized by us in writing, and you agree to strictly adhere to our privacy policies we may now, or in the future, establish with respect to Customer Information. These obligations shall survive termination or expiration (without renewal) of this Agreement. Franchisee further acknowledges and agrees that all Confidential Information, including without limitation Customer Information, is the exclusive property of Franchisor.

9. ADVERTISING AND MARKETING

9.1. General. All of your promotional and marketing materials shall be presented in a dignified manner and shall conform to Franchisor's standards and specifications related to advertising, marketing, and trademark use and be pre-approved materials created exclusively by and for DELTA CROWN™. Franchisees are required to use only pre-approved suppliers for print and promotional purposes to maintain the design efficacy of DELTA CROWN™. Franchisees are permitted to engage in organic social media and events, always following the System Standards and without seeking approval. The franchisor maintains the right to adjust permissions as necessary.

9.2. Marketing Fee. You must pay to Franchisor the **Marketing Fee** described in Section 4.4

9.3. Local Advertising. At Franchisor's election, franchisor may require you to: **(a)** spend the minimum amount noted on the Summary Pages in your local market to promote the Salon; or **(b)** pay such amounts to Franchisor, in the same manner as Royalty Fees and on such Due Date as Franchisor designates, to be spent on advertising and marketing campaigns in your market area. If Franchisor requires you to spend such amounts directly, then you shall provide proof of such expenditure according to the procedures Franchisor requires. Also, if Franchisor requires you to spend such amounts directly, then at least 30 days prior to the beginning of each calendar quarter, you must submit to Franchisor your advertising campaign and budget for Franchisor's review and approval. Of note, your Protected Area serves only to limit the physical development of another DELTA CROWN™ salon therein and does not represent any exclusive marketing and advertising rights. The System standards serve to provide local advertising and digital advertising guidelines for best practices to attract clients, reduce overlapping efforts and work productively with neighboring salons. You are required to follow these System standards and guidelines which are subject to change at the sole discretion of the Franchisor. As a component of your Local Marketing Spend, you will pay the then current monthly MarTech Fee to the Home Office.

9.4. Loyalty Programs, Prize Promotions, and Promotional Literature.

9.4.1. You shall participate in and offer to your customers: **(a)** all customer loyalty and reward programs; and **(b)** all contests, sweepstakes, and other prize promotions; which Franchisor may develop from time to time. Franchisor will communicate to you in writing the details of each such program or promotion, and you shall promptly display all point-of-sale advertising and promotion-related information at such places within the Salon as Franchisor may designate. You shall purchase and distribute all coupons and other collateral merchandise designated by Franchisor for use in connection with each such program or promotion.

9.4.2. Presently, we utilize a decentralized gift card program and require you to participate per the terms detailed in the Manuals. We reserve the right to modify our gift card program from time to time in our discretion, as well as our programs regarding gift certificates and/or stored value cards, loyalty cards and/or customized promotional receipts including without limitation, centralizing any such programs, which changes will be provided to you via updates to the Manuals.

9.4.3. You also shall display at the Salon all promotional literature and information as Franchisor may reasonably require from time to time. This may include, among other things, displaying signage or other literature containing information about DELTA CROWN™ franchise offering.

9.4.4. You also agree to honor such credit cards, courtesy cards, and other credit devices, programs, and plans as may be issued or approved by us from time to time. Any reasonable and customary service charges or discounts from reimbursements charged on such cards or authorizations will be at your sole expense.

9.5. Participation in Marketing Programs. You shall at all times cooperate with Franchisor and other franchisees of Franchisor and shall actively participate in any and all sales, public relations, advertising, cooperative advertising and purchasing programs or promotional programs (including, without limitation, product give-away promotions) which may be developed and implement by Franchisor. Participation may include, without limitation, purchasing (at your expense) and using **(a)** point of sale materials, **(b)** counter cards, displays, and give away items promoting loyalty programs, prize promotions, and other marketing campaigns and programs, and **(c)** equipment necessary to administer loyalty programs and to prepare and print customized purchase receipts, coupons, and similar items.

9.6. Advertising Cooperatives. Franchisor may, from time to time, form local or regional advertising cooperatives (“**Advertising Cooperative**”) to pay for the development, placement and distribution of advertising for the benefit of Salons located in the geographic region served by the Advertising Cooperative. Any Advertising cooperatives established by Franchisor will be operated solely as a conduit for the collection and expenditure of Advertising Cooperative fees for the aforementioned purposes. If Franchisor forms an Advertising Cooperative for the region in which the Salon is located, you agree to participate in the Advertising Cooperative pursuant to the terms of this Section 9.6.

9.6.1. Franchisor shall have the exclusive right to create, dissolve and merge each Advertising Cooperative created, in its discretion, and to create and amend the organizational and governing documents related thereto; provided that such documents shall: **(a)** operate by majority vote, with each DELTA CROWN™ Salon (including Salons owned by Franchisor or its Affiliates) entitled to one vote, **(b)** entitle Franchisor to cast one vote (in addition to any votes it may be entitled to on account of its operation of Salons in the area served by the Advertising Cooperative, **(c)** permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions, and **(d)** provide that any funds left in the Cooperative at the time of dissolution shall be returned to the members in proportion to their contributions during the 12-month period immediately preceding termination.

9.6.2. You agree to be bound by all organizational and governing documents created by Franchisor and, at Franchisor's request, shall execute all documents necessary to evidence or affirm your agreement. The Advertising Cooperative shall begin operating on a date determined in advance by Franchisor.

9.6.3. No advertising or promotional plans or materials may be used by the Advertising Cooperative or furnished to its members without Franchisor's prior approval. All advertising plans and materials must conform to the Standards and must be submitted to Franchisor for approval.

9.6.4. Fees paid by you as contribution to an Advertising Cooperative established in your geographic area shall be credited towards your local advertising requirement as set forth in the Summary Pages.

9.7 Membership Marketing. We may, in our sole discretion, elect to develop membership marketing campaigns and programs for the benefit of acquiring and retaining members. If such programs are formed, we will retain the right to change, dissolve, or merge with other programs at our sole discretion. You are required to participate in any such membership marketing programs as directed by us.

10. COMPUTER SYSTEM; ACCOUNTING AND RECORDS; TAXES

10.1. Computer System. You shall acquire and use only the point-of-sale cash registers and computer systems and equipment that Franchisor prescribes for use by DELTA CROWN™ Salons (“**Computer System**”) and adhere to Franchisor’s requirements for use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high-speed Internet connections. As technology or software is developed in the future, Franchisor may, in its sole discretion, require you to add to your Computer System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and replace or upgrade your Computer System and software as Franchisor prescribes. You shall acquire, install and maintain such anti-virus and anti-spyware software as Franchisor requires, and shall adopt and implement such Internet user policies as Franchisor may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions that interfere with operation of the Computer System.

10.2. Software. You shall: **(a)** use any proprietary software programs, system documentation manuals, and other proprietary materials that Franchisor requires in connection with the operation of the Salon; **(b)** input and maintain in your computer such data and information as Franchisor prescribes in the Manual, software programs, documentation, or otherwise; and **(c)** purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever Franchisor adopts such new or upgraded programs, manuals, and materials system-wide. You shall enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner Franchisor prescribes, and pay all fees imposed thereunder.

10.3. Independent Access. Franchisor may independently poll Gross Revenue and other information input and compiled by your Computer System from a remote location. There is no limitation on Franchisor’s right to access this information, nor on Franchisor’s use of the information obtained via such access.

10.4. Preparation and Maintenance of Records. You shall prepare and preserve for at least five years from the date of preparation complete and accurate books, records, and accounts according to generally accepted accounting principles and in the form Franchisor prescribes. In order to obtain System-wide consistent and comparative information, Franchisor may prescribe from time to time, and you agree to abide by and use, such forms, templates, and/or methods for the preparation and submittal of financial and other Salon-related records and information.

10.5. Submission of Financial Statements and Tax Returns. No later than March 30 of each calendar year, you shall provide to Franchisor, in the manner they require and upon request **(a)** a copy of the previous year’s annual profit and loss statements, including local marketing spend; **(b)** a copy of the previous year’s sales tax returns; and **(c)** a copy of your federal and state income tax returns for the previous year; provided, however, that if you are an individual franchisee, you may submit only those schedules to your personal tax returns which reflect the revenues and expenses of the Franchised Business.

10.6. Submission of Performance Reports. You shall accurately report to Franchisor the Salon’s Gross Revenue, expenses, and such other financial information, as Franchisor may reasonably require, using the procedures, forms, and methods Franchisor prescribes periodically. Reports shall be due on the date prescribed by Franchisor, and shall be signed by an authorized representative, attesting to their accuracy. Within 30 days following the end of each fiscal quarter, you shall provide to Franchisor a copy of your profit and loss statements prepared according to generally accepted accounting principles and which accurately reflect your financial information for the period requested by Franchisor. You also shall provide to Franchisor such other reports, computer back-up and other information that Franchisor may reasonably request.

10.7. Audit of Franchisee Records. Franchisor or its designated agent shall have the right to audit, examine and copy your books, records, accounts, and business tax returns at any time. If an inspection or audit reveals underpayment of amounts owed to Franchisor, you shall immediately pay the understated amount with interest as provided in Section 4.9. If an audit or inspection reveals your understatement of Gross Revenues by 2% or more during any continuous six month period then, in addition to amounts due

on the understatement and interest, multiplied by 1.5, you shall promptly reimburse Franchisor all costs and expenses that it incurred in connection with performing the audit or inspection (including travel, lodging and wage expenses, and attorneys' and accountants' fees).

10.8. Use of Financial Information in Franchise Disclosure Document. You acknowledge and agree that it may be in the best interest of the franchise system to share historical revenue and expense information with prospective franchisees. To that end, you hereby authorize Franchisor to publish information concerning the Salon's Gross Revenues and other information reported to Franchisor in its franchise disclosure document.

10.9. Taxes. You shall promptly pay all taxes due and owing based on your operation of the Salon and the Franchised Business including, without limitation, sales taxes, income taxes, and property taxes.

10.10 Data Security and PCI Compliance. You acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of salons operating under the Proprietary Marks and System. Accordingly, you agree that you will cause the Salon to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Standards Council or its successor, the standards set by applicable privacy laws and regulations, and other regulations and industry standards applicable to the protection of customer privacy and credit card information. You are solely responsible for educating yourself as to these regulations and standards, and for achieving and maintaining applicable compliance certifications. You agree to use any computer network, intranet system, extranet system, email, and handheld devices required or authorized for use in connection with the Salon in strict compliance with our standards, protocols, and restrictions that we include in the Manuals or in our other written policies, which include but are not limited to our privacy policies, encryption requirements, data and IT security policies, including the implementation of phishing and other security awareness programs and training, cyber incident notification requirements, and Artificial Intelligence policies. You further agree not to violate our privacy policies or user terms on our Website. You agree to defend, indemnify, and hold us and our affiliates harmless from and against all claims arising out of or related to your violation of the provisions of this Section 10.10.

11. INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

11.1 Independent Contractor. The parties acknowledge and agree that you are operating the Franchised Business as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party shall have fiduciary obligations to the other or be liable for the debts or obligations of the other. Neither party shall have the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, nor contract any debts or obligations on behalf of the other party, or their affiliates, unless otherwise agreed in writing by the parties. You shall conspicuously identify yourself and the Franchised Business in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership.

11.2. Insurance Obligations.

11.2.1. You shall maintain in full force and effect at all times during the term of this Agreement, at your expense, an insurance policy or policies protecting you, Franchisor and its Affiliates, and their respective partners, shareholders, directors, members, managers, agents, and employees, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the Franchised Business.

11.2.2. Such policy or policies shall: **(a)** be written by insurer(s) licensed and admitted to write coverage in the state in which the Franchised Business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; **(b)** name Franchisor and its Affiliates, and their

partners, officers, subsidiaries, affiliates, shareholders, directors, managers, members, regional directors, agents, and employees as additional insureds on a primary non-contributory basis, **(c)** the additional insured coverage must be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to Franchisor) as well as through, when applicable, third party coverage endorsement and joint employer coverage endorsement; and **(d)** comply with Franchisor's written requirements at the time such policies are obtained, and provide at least the types and minimum amounts of coverage specified below or as described within Franchisor's written notice to you.

11.2.3. Such policies shall include, at the minimum, the following policies: **(a)** "All risk" or "special" property insurance, covering all real and personal property and equipment on a replacement costs basis, including business interruption and extra expense insurance on an actual loss sustained basis, **(b)** comprehensive general liability insurance, including products and completed operations in an amount of not less than the following combined single limits:\$1,000,000 per occurrence,\$1,000,000 personal and advertising injury,\$1,000,000 completed operations/products aggregate,\$2,000,000 aggregate per location; **(c)** automobile liability coverage, including coverage of owned, non-owned, rented or hired vehicles with coverage in amounts not less than\$1,000,000 combined single limit, **(d)** employment practices liability coverage with a limit of\$500,000 per occurrence and in the aggregate, **(e)** professional liability insurance for all health or beauty licensed professionals with minimum coverage of\$1,000,000 per occurrence, **(f)** workers' compensation insurance for statutory limits, **(g)** employer's liability insurance in an amount not less than\$1,000,000, and **(h)** any insurance as is necessary to comply with all legal requirements concerning insurance coverage for you and your personnel attending Franchisor's training programs. Each year Franchisor may unilaterally modify the insurance minimum coverage requirements which may include an increase to the minimum coverage requirements to reflect changes in inflation or as market conditions warrant.

11.2.4. In connection with any and all insurance that you are required to maintain under Section 11.2., you and your insurers shall agree to waive their rights of subrogation against Franchisor, and you shall provide evidence of such waiver in accordance with this Section 11.2. Franchisor may unilaterally modify these insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change.

11.2.5. Your obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 11.3. of this Agreement.

11.2.6. All public liability and property damage policies shall contain a provision that Franchisor and its Affiliates, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor, or its Affiliates, partners, members, managers, shareholders, officers, directors, agents, or employees by reason of your negligence.

11.2.7. At least 10 days prior to the time you are first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to Franchisor certificate of insurance evidencing your compliance with this Article 11.Each certificate of insurance shall expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

11.2.8. If you fail to procure or maintain these minimum insurance requirements, Franchisor or its designee shall have the right and authority (but not the obligation) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Franchisor. If this occurs, you shall reimburse Franchisor the cost of the premium upon demand.

11.3. Indemnification. You shall indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates and their respective directors, officers, managers, members, employees, shareholders, and

agents, (collectively the “**Indemnitees**”) from any and all “**losses and expenses**” (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with your operation of the Franchised Business including, but not limited to, claims arising as a result of the maintenance and operation of vehicles or the Franchised Location (collectively an “**event**”), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 11.3., the term “**losses and expenses**” shall be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You shall give Franchisor prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek your advice and counsel. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the indemnities or the System.

12. TRANSFER OF INTEREST

12.1. Transfer by Franchisor. Franchisor may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that Franchisor and/or its Affiliates may sell their assets, the Proprietary Products, the Proprietary Marks or Copyrighted Works, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of Franchisor's name, the Proprietary Products, the Proprietary Marks (or any variation thereof) and System and/or the loss of association with or identification of CROWN EXTENSION BAR, LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. You agree that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as DELTA CROWN™ Salons operating under the Proprietary Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to the Franchised Business).

12.2. Transfer by Individual Franchisee to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption

agreement if **(a)** the Business Entity is formed solely for purposes of operating the Franchised Business, and **(b)** you provide to Franchisor a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed. For transfers described in this Section 12.2 you must pay to Franchisor the amount set forth in the Summary Pages.

12.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: **(a)** you have provided to Franchisor advance notice of the transfer, **(b)** Attachment C has been amended to reflect the new ownership; **(c)** each new Owner has signed a Personal Guaranty and Undertaking in the form of Attachment D-1; and **(d)** you pay to Franchisor the transfer fee set forth in the Summary Pages.

12.4. Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially all of the assets of the Salon, and the sale of a Controlling Interest in you if you are a Business Entity) require Franchisor's prior written consent and completion of an Intent to Sell form submitted to the Franchisor. Franchisor will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

12.4.1. You shall have requested consent in writing and delivered to Franchisor a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of the Franchised Business.

12.4.2. The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; and has sufficient equity capital to operate the Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of the Franchised Business);

12.4.3. All of your accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and third-party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates and your suppliers;

12.4.4. You or the transferee shall have agreed to refurbish the Salon premises so that it meets Franchisor's image requirements for a new DELTA CROWN™ Salon;

12.4.5. You and each Owner shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

12.4.6. You or the transferee shall have paid the Transfer Fee in the amount set forth in the Summary Pages as well as the current sales commission due to the franchise seller to facilitate the sales process, including disclosure, discovery and validation.

12.4.7. The transferee shall have executed Franchisor's then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different percentage royalty fee and different advertising obligations. The term of such agreement shall be the remaining term of this Agreement at the time of transfer. The transferee shall have

the option, however, to purchase a longer term (not to exceed a total of 10 years) by paying an extended term fee (“**Extended Term Fee**”) as identified in the Summary Pages.

12.4.8. If the transferee is a Business Entity, then the transferee’s Owners each shall sign Franchisor’s standard form of Personal Guaranty and Undertaking;

12.4.9. The transferee shall have complied with Franchisor’s then-current initial training requirements; and

12.4.10. You have paid all fees due to Franchisor under its then-current franchise resale policy or program, including any applicable sales commissions.

12.5. Transfers Void. Any purported transfer, by operation of law or otherwise, made without Franchisor’s prior written consent will be considered null and void and will be considered a material breach of this Agreement.

12.6. Security Interest. You may grant a security interest in this Agreement, or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without Franchisor’s consent.

12.7. Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you shall first obtain Franchisor’s written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of your securities, and Franchisor’s review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 12.4. and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys’ fees and accountants’ fees) in connection with reviewing the proposed offering.

12.8. Right of First Refusal. If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor shall have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller’s interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller’s interest, closing on such purchase must occur by the later of: **(a)** the closing date specified in the third-party offer; or **(b)** within 60 days from the date of notice to the seller of Franchisor’s election to purchase. Franchisor’s failure to exercise the option described in this Section 12.8. shall not constitute a waiver of any of the transfer conditions set forth in this Article 12.

12.9. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of any person with an interest in this Agreement, in you, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person shall

transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 12.9., the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section 13.5.

12.10. Non-Waiver of Claims. Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor's and the transferee are parties, by the transferee.

13. DEFAULT AND TERMINATION

13.1. Termination In the Event of Bankruptcy or Insolvency. You shall be deemed to be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed and against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; 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; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Franchised Location premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

13.2. Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: **(a)** your Managing Owner or General Manager fails to successfully complete training; **(b)** you fail to open a salon by the Control Date; **(c)** you abandon the Franchised Business (which will be presumed if you cease operations for three consecutive business days or more); **(d)** you lose any license required to operate the Franchised Business or you lose your right to occupy the Salon premises; **(e)** you or any Owner or General Manager is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; **(f)** there is any transfer or attempted transfer in violation of Article 12 of this Agreement; **(g)** you or any Owner fails to comply with the confidentiality or non-compete covenants in Section 15.1. of this Agreement; or **(h)** you or any Owner has made any material misrepresentations in connection with your franchise application; **(i)** you fail to comply with notification requirements set forth in Sections 6.1.(b) or (c) concerning investigations and Crisis Management Events; **(j)** you understate any payment to Franchisor by 2% or more, or understate any such payment in any amount, twice in any two-year period; **(k)** if an imminent threat or danger to public health or safety results from the operation of the Franchised Business; **(l)** you knowingly maintain false books or records or submit any false reports or statements to Franchisor; **(m)** you offer unauthorized products or services from the Salon premises or in conjunction with the Proprietary Marks or Copyrighted Works; **(n)** purchase items for which Franchisor has identified approved or designated supplier or distributor from an unapproved source; **(o)** you fail to pass two or more quality assurance/health inspections within any rolling 12-month period; **(p)** you fail to participate in any advertising or marketing program pursuant to Sections 9.4. or 9.5. on two or more occasions within any

rolling 12-month period, or **(q)** Franchisor delivers to you two or more written notices of default pursuant to this Article 13 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

13.3. Termination with 10-Day Cure Period. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: **(a)** failure to obtain or maintain required insurance coverage; **(b)** failure to pay any amounts due to Franchisor; **(c)** you fail to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); **(d)** you fail to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations; **(e)** failure to comply with your minimum monthly local advertising expenditure requirements; **(f)** your violation of any provision of this Agreement concerning the use and protection of the Proprietary Marks or Copyrighted Works; **(g)** your violation of any provision of this Agreement concerning the packaging, service, appearance or quality of DELTA CROWN™ products; or **(h)** failure to cure deficiencies determined through a quality assurance inspection.

13.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 13, Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

13.5. Termination Related to Death or Permanent Incapacity. Franchisor has the right to terminate this Agreement if an approved transfer as required by Section 12.9. is not affected within the designated time frame following a death or permanent incapacity (mental or physical).

13.6. Cross-Default. Any default under any agreement between you and Franchisor or its Affiliates, and failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement.

13.7. Additional Remedies. In addition to, or in lieu of, termination of this Agreement, in its sole discretion, Franchisor may require the Salon be closed during any cure period relating to a default based on public health and safety concerns.

14. POST TERMINATION OBLIGATIONS

14.1. Cease Use of Proprietary Marks and Copyrighted Works; Cancellation of Fictitious Name; Assignment of E-mail Addresses, URLs, Domain Names, Internet Listings. Upon termination or expiration of this Agreement, you shall immediately cease all use of the Proprietary Marks, Copyrighted Works and Confidential Information. You shall cancel any assumed name registration containing the Proprietary Marks. You shall, at Franchisor's option and request, assign to Franchisor all rights to all e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the Franchised Business.

14.2. Assignment of Lease; De-Identification. At Franchisor's request, you shall assign to Franchisor or its designee your interest in the lease. If Franchisor does not request assignment of the lease before or as of the date of expiration or termination of this Agreement, then within 10 days after termination or expiration of this Agreement, you shall modify the Salon premises (including, without limitation, the changing of the color scheme and removing of all distinctive design features, including salon beds, sliding doors, salon chairs, carts, curtains and any other materials which can be removed from the premises, and the changing of and assigning to Franchisor of, the telephone numbers) as may be necessary to distinguish the appearance of the Franchised Location from that of other DELTA CROWN™ Salons, and shall make such specific additional changes to the Franchised Location as Franchisor may reasonably request for that purpose.

14.3. Return of Manuals and Other Confidential Information. You shall immediately deliver to Franchisor the Manuals and all other manuals, records, correspondence, files, and any instructions containing Confidential Information relating to the operation of the Franchised Business which are in your possession; and all copies thereof (all of which are acknowledged to be the property of Franchisor).

14.4. Franchisor's Right to Purchase, Fixtures, and Tangible Assets. Franchisor shall have the option to purchase any or all of the Salon's leasehold improvements, furniture, fixtures, equipment, inventory, supplies, and interior and exterior signs at their then-current fair market value, to be determined by a qualified independent third party of Franchisor's choosing and may set off against the purchase price any amounts that you owe to Franchisor. Franchisor shall exercise its option by written notice to you delivered on or before the date of expiration or termination of this Agreement.

14.5 Payment. Franchisee shall promptly pay all sums owing to Franchisor, its affiliates and vendors. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the Salon premises operated hereunder at the time of default.

14.6 Liquidated Damages upon Termination due to Franchisee's Default. In the event this Agreement is terminated prior to the end of its term due to Franchisee's default hereunder, in addition to the amounts set forth in Section 14.5 above, Franchisee shall promptly pay to Franchisor a lump sum payment (as damages and not as a penalty) for breaching this Agreement in an amount equal to: (a) the average monthly Royalty Fee and Marketing Fee payable by Franchisee under Sections 4.3 and 4.4 above over the twelve (12) month period immediately preceding the date of termination (or such shorter time period if the Salon has been open less than twelve (12) months); (b) multiplied by the lesser of (a) thirty-six (36) months or (b) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light of the damages Franchisor will incur for Franchisee's material default causing the premature termination of this Agreement. This lump sum payment shall be in lieu of any damages Franchisor may incur as a result of Franchisee's default, but it shall be in addition to all amounts provided above in Section 14.5 and any attorneys' and accountants' fees and other costs and expenses to which Franchisor is entitled under the terms of this Agreement, including but not limited to, Section 19 below. Franchisee's payment of this lump sum shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies to enforce this Section 14 and the covenants set forth in Sections 7 and 15.

15. COVENANTS

15.1. Non-Competition During Term of Agreement. You and each Owner acknowledge that you and each Owner will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of Franchisor and the System. You and each Owner covenant and agree that during the term of this Agreement, except as otherwise approved in writing by Franchisor, you and, if applicable, such Owner, shall not, either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

15.1.1. Divert or attempt to divert any present or prospective customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.

15.1.2. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that engages in salon services featuring hair extension services and/or, if applicable to your Salon, other than a Salon operated pursuant to a then-currently effective franchise agreement with Franchisor at any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Proprietary Marks or similar marks or operate or license others to operate a business under the Proprietary Marks or similar marks.

15.2. Non-Competition After Expiration or Termination of Agreement. Commencing upon the later of: **(a)** a transfer permitted under Article 12 of this Agreement, expiration of this Agreement, or termination of this Agreement (regardless of the cause for termination) or **(b)** a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 15.2., and continuing for an uninterrupted period of two years thereafter, you shall not either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with a business that engages in salon services featuring hair extension services and/or, if applicable to your Salon, other than a Salon operated pursuant to a then-currently effective franchise agreement with Franchisor, and **(i)** is, or is intended to be, located at the location of the former Franchised Business; or **(ii)** within a 20-mile radius of the Salon or any other salon operating under the System and Proprietary Marks in existence or under development at the time of such expiration, termination or transfer. If any Owner ceases to be an Owner of the Franchisee for any reason during the franchise term, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The obligations described in this Section 15.2. shall be tolled during any period of noncompliance.

15.3. Additional Provisions. The parties acknowledge and agree that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 15.1. and 15.2., or any portion thereof, without your consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and you and each Owner agree that such person shall comply forthwith with any covenant as so modified. You and each Owner expressly agree that the existence of any claims you may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants in this Article 15. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 15.

15.4. Covenants from Individuals. Each individual who attends Franchisor's training program shall be required to sign a confidentiality and non-competition agreement substantially in the form attached as Attachment D-2 to this Agreement. You shall be responsible for ensuring compliance with such agreement.

15.5. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

15.6. Exception for Publicly Held Companies. The foregoing restrictions shall not apply to your ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

15.7. Improvements. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of DELTA CROWN™ Salon (an "**Improvement**"), you agree to promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such Improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to Franchisor any rights you or your Owners 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 Franchisor in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint Franchisor as agent and attorney-

in-fact for you and for them 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 15.7. are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to Franchisor 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 on you or your Owners' rights therein.

16. REPRESENTATIONS

16.1. Representations of Franchisor. Franchisor represents and warrants that **(a)** Franchisor is duly organized and validly existing under the law of the state of its formation; **(b)** Franchisor is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and **(c)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Franchisor's corporate power and have been duly authorized.

16.2. Representations of Franchisee.

16.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Franchisor in writing within 10 days of any change in the information set forth in Attachment C. You further represent to Franchisor that **(a)** you are duly organized and validly existing under the law of the state of your formation; **(b)** 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; and **(c)** 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 the 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 DELTA CROWN™ Salon; and 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.

16.2.2. You acknowledge that you have received a complete copy of Franchisor's Franchise Disclosure Document at least 14 calendar days before you signed this Agreement or paid any consideration to Franchisor for your franchise rights.

16.2.3. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, officers, directors, managers, members, partners, agents or employees, or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to Franchisor that you will not accept money from or employ any Blocked Person.

17. NOTICES

17.1. Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; or by any reliable electronic system. Service shall be deemed conclusively made **(a)** at the time of service, if personally served; **(b)** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; **(d)** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and **(e)** at the time of transmission by telecopier, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission.

Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

18. CONSTRUCTION

18.1. Entire Agreement. This Agreement and any other agreements executed by the parties concurrently with the parties' execution of this Agreement represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. Except for those changes permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

18.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

18.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

18.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

18.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms shall have the meaning ascribed to them in Attachment A ("**Glossary of Additional Terms**"). All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

18.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. Each Owner shall execute the Personal Guaranty and Undertaking attached as Attachment D-1. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the Personal Guaranty and Undertaking.

18.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

18.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

19. APPLICABLE LAW; DISPUTE RESOLUTION

19.1. Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby shall be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

19.2. Internal Dispute Resolution Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's CEO or President and provide Franchisor with 30 days' notice and opportunity to cure. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring its dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

19.3 Mediation.

19.3.1. At Franchisor's option, all claims or disputes between you, each Owner, and Franchisor or its affiliates arising out of or in any way relating to this Agreement or any other agreement between you, each Owner, and Franchisor or its affiliates, or any of the parties' respective rights and obligations arising from such agreements, which are not first resolved through the internal dispute resolution procedure set forth in Section 19.2 above, must be submitted first to mediation under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Mediation shall be held at the offices of the AAA in the city where Franchisor maintains its principal business offices. Each party will bear its own costs of mediation, and the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

19.3.2 Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you whether Franchisor or its affiliates elect to exercise our option to submit claims or disputes to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of Franchisor's written declaration. Franchisor's right to mediate, as set forth herein, may be specifically enforced by Franchisor. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

19.3.3. Notwithstanding the foregoing provisions of this Section 19.3.3., the parties' agreement to mediate shall not apply to any controversy, dispute or claim related to or based on (a) any federally protected intellectual property rights in the Proprietary Marks, the System, any Confidential Information, (b) amounts owed to Franchisor pursuant to this Agreement or (c) for temporary or preliminary injunctive or other extraordinary relief sought ("**Excepted Claims**"). Any Excepted Claims may be brought in any court of competent jurisdiction.

19.4. Arbitration. Except for any Excepted Claims which either party has the right to bring in any court of competent jurisdiction, you and we agree to submit any claim, controversy or dispute (collectively, "**Dispute**") between us or any of our affiliates (and/or their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and/or your owners, guarantors, agents, representatives and/or employees, as applicable) arising out of or related to (a) this Agreement or any other agreement between us and you, (b) our relationship with you, (c) the validity of this Agreement or any other agreement between us and you, or (d) any System standard, to arbitration.

The parties agree that notwithstanding anything to the contrary in this Agreement, Disputes shall be submitted to binding arbitration in accordance with this Section 19.4. The arbitration shall be conducted through the American Arbitration Association ("AAA") and in accordance with the AAA's Commercial Arbitration Rules ("**Rules**"). The arbitration shall be conducted by one (1) arbitrator selected by agreement

of the parties or (in the event the parties cannot agree) in accord with the Rules. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of evidence. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The place of arbitration shall be in the county in which Franchisor maintains its principal business offices at the time of arbitration, currently set in Tarrant County, Texas, unless otherwise mutually agreed between the parties. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Section 19.9. The arbitrator, in the conduct of the arbitration, shall not have the authority to declare any Proprietary Mark generic or otherwise invalid. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The parties agree that all Disputes submitted to arbitration shall be conducted on an individual, and not a class wide, basis, and that only Franchisor (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, guarantors, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section 19.3., and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other natural person, association, corporation, partnership, limited liability company or other entity.

If any party to an arbitration wishes to appeal any final award by the arbitrator, such party may appeal, within thirty (30) days of such final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal panel. Any party that does not pay for or share in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.

19.5. Interpretation of Rights and Obligations.

19.5.1. No right or remedy conferred upon or reserved to Franchisor or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

19.5.2. Whenever this Agreement provides that we have or reserve (retain) a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

19.5.3. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of ours. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact), will substitute their judgment for our reasonable business judgment.

19.6. WAIVER OF JURY TRIAL. FRANCHISOR AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

19.7. WAIVER OF PUNITIVE DAMAGES. YOU HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS) AGAINST FRANCHISOR ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREE THAT, IN THE EVENT OF A DISPUTE, YOUR RECOVERY IS LIMITED TO ACTUAL DAMAGES. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS WILL CONTINUE IN FULL FORCE AND EFFECT, INCLUDING, WITHOUT LIMITATION, THE WAIVER OF ANY RIGHT TO CLAIM ANY CONSEQUENTIAL DAMAGES.

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

19.9. Limitation of Action. You further agree that no cause of action arising out of or under this Agreement may be maintained by you against Franchisor unless brought before the expiration of one year after the act, transaction or occurrence upon which such action is based or the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense, or set-off. You hereby waive the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

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

19.11. Jurisdiction and Venue. Subject to Sections 19.2, 19.3 and 19.4 of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state or federal court closest to where Franchisor maintains its principal business offices at the time of filing, currently Tarrant County, Texas (unless settled by the parties after such action is

initiated). You acknowledge that Franchisor may bring an action in any other court of competent jurisdiction to seek and obtain injunctive relief as set forth in Section 19.8 above. You hereby irrevocably consents to the personal jurisdiction of the state and federal courts described in this Section.

19.12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates noted below, but effective for all purposes as of the Effective Date.

FRANCHISOR

FRANCHISEE

CROWN EXTENSION BAR, LLC

ENTITY

By: _____

By: _____
NAME, TITLE

Date: _____

Date: _____

CROWN EXTENSION BAR, LLC
FRANCHISE AGREEMENT
ATTACHMENT A
GLOSSARY OF ADDITIONAL TERMS

“**Account**” means your commercial bank operating account.

“**Affiliate**” means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

“**Agreement**” means the Franchise Agreement.

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

“**Business Entity**” means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

“**Confidential Information**” means all trade secrets, and other elements of the System; all customer information, including all data collected from former, existing, and/or potential customers including customer names and addresses, discounts and credit extensions to customers, customer contracts, designs, and status information; all information or data stored or entered into the POS system; all information contained in the Manuals; Franchisor’s standards and specifications for all services and products offered at DELTA CROWN™ Salons; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, and all other information that Franchisor designates.

“**Control Date**” means the date specified in the Summary Pages and Attachment B which is the date by which you must open a salon at a site accepted by Franchisor for the development of the Salon.

“**Copyrighted Works**” means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Proprietary Marks, Franchisor’s product packaging, and advertising and promotional materials, and the content and design of Franchisor’s Website and advertising and promotional materials.

“**Crisis Management Event**” means any event that occurs at or about the Salon premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System, or the goodwill symbolized by the marks.

“**Customer Information**” means all data collected from former, existing, and/or potential customers including customer names and addresses, discounts and credit extensions to customers, customer contracts, designs, and status information.

“**Force Majeure**” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot or other civil disturbance; epidemics; or other similar forces which could not, by the exercise of reasonable diligence, have been avoided; provided, however, that neither an act or failure to act by a government authority, nor the performance, nonperformance, or exercise of rights by your lender, contractor, or other person qualifies as a Force Majeure unless the act, failure to act, performance, non-performance, or exercise of rights resulted from a Force Majeure. Your financial inability to perform or your insolvency is not a Force Majeure.

“**Gross Revenue**” means the aggregate of: (a) all revenue from the sale of products and services, whether made for cash, on credit, or otherwise, without reserve or deduction for inability or failure to collect, that

you, in the normal course of your operations would credit or attribute to the operation of a DELTA CROWN™ Salon; **(b)** all monies, trade value or other things of value that you receive from Salon operations at, in, or from the Salon premises that are not expressly excluded from Gross Revenue; and **(c)** business interruption insurance proceeds. Gross Revenue does not include: **(i)** the exchange of merchandise between DELTA CROWN™ Salons (if you operate multiple Salons) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Salon premises; **(ii)** returns to shippers, vendors, or manufacturers; **(iii)** sales of fixtures or furniture after being used in the conduct of the Franchised Business; **(iv)** cash or credit refunds for transactions included within Gross Revenue (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); **(v)** the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both **(1)** added to the selling price or absorbed therein and **(2)** paid to the taxing authority by you. Customer refunds may be deducted from Gross Revenue if the charge was previously included in Gross Revenue.

“General Manager” means an individual who Franchisee has designated, and Franchisor has approved, who has full control over the day-to-day management and operations of the Salon, who has completed Franchisor’s initial training program and all additional training (including continuing education requirements for certified or licensed General Managers) that Franchisor requires, to Franchisor’s satisfaction, and who devotes his or her full-time best efforts to Salon management and operations.

“Manuals” means manuals to which the franchisee has been provided access by Franchisor.

“Managing Owner” means the Owner appointed as the primary overseer of the operation of the franchised business and who holds a minimum 10% ownership interest in the franchisee. The Managing Owner may also be the General Manager.

“Owner” means each individual or entity holding a beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust.

“Proprietary Marks” means certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “DELTA CROWN™” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System.

“Manual” means the compilation of information and knowledge that is necessary and material to the System. The term Manual, as used in this Agreement, includes all publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MP3s, and other electronic media that Franchisor from time to time may loan to you. The Manual may be supplemented or amended from time to time by letter, electronic mail, bulletin, videotape, CD, DVD, MP3, or other communications concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating a DELTA CROWN™ Salon.

“Salon” means a physical structure, identified by the name Delta Crown™, which is separated from other businesses by one or more exterior walls or interior demising walls, and at which semi-permanent and temporary hair extension services, other related services, and approved retail items such as Private Label Products are provided. The term "Salon" also includes facilities located in Closed Markets regardless of any differences (for example in offering, footprint, or structure) to other DELTA CROWN™ Salons.

“System” means a distinctive system relating to the establishment and operation of an upscale salon featuring the application of semi-permanent and hair extensions and other hair-enhancing services, combined with a retail offering of private label cosmetic and skin care lines under the trade name and trademark DELTA CROWN™

“You” means the franchisee identified above and its successors and assigns.

**CROWN EXTENSION BAR, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT B
THE SITE SELECTION AREA, CONTROL DATE, FRANCHISED LOCATION,
AND THE PROTECTED AREA**

Section 3.1. Within the _____ MSA, The Site Selection Area is:

IN WITNESS WHEREOF, the parties have executed this Attachment B on _____.

FRANCHISOR

FRANCHISEE

CROWN EXTENSION BAR, LLC

ENTITY

By: _____

By: _____
NAME, TITLE

As of the date set forth below, the Franchise Location has been determined and, as such, Attachment B is supplemented as follows:

Section 1.1.2. The Franchised Location is at: _____

Section 3.5.1. The Control Date is: The first anniversary of the Effective Date

Section 1.2. The Protected Area is: the radius required to contain up to 75,000 individuals, not to exceed five miles, currently _____.

The Protected Area excludes all Closed Markets within such area. A "**Closed Market**" is any facility serving a captive market, including hotels, resorts, airports, public facilities, college and school campuses, military bases, and any other mass gathering events or locations, and facilities of any kind for which hair extension and other related services rights are, or may reasonably be anticipated to be, contracted to a third party or parties.

If the Protected Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Protected Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

IN WITNESS WHEREOF, the parties have supplemented this Attachment B on _____.

FRANCHISOR

FRANCHISEE

CROWN EXTENSION BAR, LLC

ENTITY

By: _____

By: _____
NAME, TITLE

**CROWN EXTENSION BAR, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT C
ENTITY INFORMATION**

If the franchisee is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of _____.

- (1) Franchisee is a _____, formed under the laws of the State of _____.
- (2) You shall provide to Franchisor concurrently with the execution hereof true and accurate copies of the franchisee's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.
- (3) You promptly shall provide such additional information as Franchisor may from time-to-time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.
- (4) The name and address of each of Owner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST
_____	_____	_____
_____	_____	_____
_____	_____	_____

- (5) The address where the Franchisee's financial records, and other records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:
_____.

FRANCHISOR

FRANCHISEE

CROWN EXTENSION BAR, LLC

ENTITY

By: _____

By: _____
NAME, TITLE

**CROWN EXTENSION BAR, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT D-1
PERSONAL GUARANTY AND UNDERTAKING**

1. I have read the Franchise Agreement between CROWN EXTENSION BAR, LLC (“**Franchisor**”) and _____ (the “**Franchisee**”).

2. I own a beneficial interest in the Franchisee and would be considered an “**Owner**” within the definition contained in the Franchise Agreement.

3. I understand that, were it not for this Personal Guaranty and Undertaking (the “**Guaranty**”), Franchisor would not have agreed to enter into the Franchise Agreement with the Franchisee. In consideration of the grant by Franchisor of a franchise pursuant to the Franchise Agreement, I hereby agree, to be firmly bound by all of the terms, provisions and conditions of the Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness to Franchisor or its affiliates of Franchisee arising under or by virtue of the aforesaid Franchise Agreement.

4. I will comply with the provisions contained in Article 7 of the Franchise Agreement concerning the Franchisee’s use of Franchisor’s Proprietary Marks and Copyrighted Works (as each term is defined in the Franchise Agreement). I understand that, except for the license granted to the Franchisee, I have no individual right to use the Proprietary Marks or Copyrighted Works and I have no ownership interest in the Proprietary Marks or Copyrighted Works.

5. I will comply with all of the provisions contained in Article 8 of the Franchise Agreement concerning the use of the Confidential Manuals and Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except **(a)** to the Franchisee’s employees on a need-to-know basis, **(b)** to the Franchisee’s and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and **(c)** as otherwise may be required by law.

6. I will comply with all of the provisions contained in Article 12 of the Franchise Agreement concerning the transfer of my ownership interest in the Franchisee.

7. While I am an Owner of the Franchisee and, for a two-year period after I cease to be an Owner (or two years after termination or expiration (without renewal) of the Franchise Agreement, whichever occurs first), I will not:

(a) Divert or attempt to divert any present or prospective customer of DELTA CROWN™ Salon to any competitor or do anything to harm the goodwill associated with the Proprietary Marks and the System;

(b) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that engages in salon services featuring hair extension services and/or, if applicable to your Salon, other than a Salon operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Proprietary Marks or similar marks or operate or license others to operate a business under the Proprietary Marks or similar marks. It will apply for two

years after I cease to be an Owner (or two years after termination or expiration of the Franchise Agreement, whichever occurs first) to any location that **(i)** is, or is intended to be, located at the location of the former Franchised Business; or **(ii)** within a 20-mile radius of the Franchised Location or any other salon operating under the System and Proprietary Marks in existence or under development at the time I cease being an Owner (or termination or expiration of the Franchise Agreement, whichever occurs first). This restriction will be tolled during any period of my noncompliance.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, I 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 Guaranty.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. I agree that the provisions contained in Article 19 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs.

11. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement, except for damages in the nature of lost profits or lost future royalties caused by the premature termination of the Franchise Agreement or early closure of DELTA CROWN™ Salon. I understand that I am not personally responsible for any lost profits or lost future royalties that Franchisor may incur based on the premature termination of the Franchise Agreement or early closure of DELTA CROWN™ Salon.

12. I will pay all amounts due under this Guaranty within 14 days after receiving notice from Franchisor that the Franchisee has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against the Franchisee before seeking recovery from me under this Guaranty.

13. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

14. I hereby waive **(a)** all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and **(b)** California Civil Code Sections 2899 and 3433.

15. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.**

16. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

17. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by any reliable electronic system; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three

Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

Intending to be legally bound, I have executed this Personal Guaranty and Undertaking on the date set forth below:

GUARANTOR

Dated: _____

Name: _____

Address: _____

Fax: _____

Dated: _____

Name: _____

Address: _____

Fax: _____

**CROWN EXTENSION BAR, LLC
FRANCHISE AGREEMENT**

ATTACHMENT D-2
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees of Franchisee)

In accordance with the terms of this Confidentiality and Non-Competition Agreement (“**Confidentiality Agreement**”) and in consideration of my being a _____ of _____ (the “**Franchisee**”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. _____ doing business as _____ (the “**Franchisee**”), has acquired the right and franchise from CROWN EXTENSION BAR, LLC (“**Franchisor**”) to establish and operate a Franchised Business (the “**Franchised Business**”) and the right to use in the operation of the Franchised Business Franchisor’s trade names, trademarks, service marks, including the service mark DELTA CROWN™ (the “**Proprietary Marks**”) and the system developed by Franchisor and/or its affiliates for operation and management of Salons (the “**System**”), as they may be changed, improved, and further developed from time to time in Franchisor’s sole discretion.
2. Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes the Manuals, trade secrets, and copyrighted materials, methods, and other techniques and know-how (the “**Confidential Information**”).
3. Any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Confidentiality Agreement.
4. As _____ of the Franchisee, Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Franchisor’s operations manual (the “**Manual**”) and other general assistance during the term of this Confidentiality Agreement.
5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.
6. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.
7. Except as otherwise approved in writing by Franchisor, I shall not, while in my position with the Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for a two (2) year period thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person, partnership, corporation, or other limited liability company own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business that engages in salon services featuring hair extension services within a 20-mile radius of any DELTA CROWN™ Salon,

as that term is defined in the Franchise Agreement. This restriction does not apply to my ownership of less than five percent beneficial interest in the outstanding securities of any publicly held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, I 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 Confidentiality Agreement.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Confidentiality Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. Franchisor is a third-party beneficiary of this Confidentiality Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Confidentiality Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Confidentiality Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Confidentiality Agreement is enforced against me. Due to the importance of this Confidentiality Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate or justify any violation of this Confidentiality Agreement.

11. This Confidentiality Agreement shall be construed under the laws of the State of Texas. The only way this Confidentiality Agreement can be changed is in writing signed by both the Franchisee and me.

12. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the state and federal courts in the county in which Franchisor maintains its principal business offices at the time of the claim, currently set in Tarrant County, Texas. I acknowledge that this Confidentiality Agreement has been entered into in the state of Texas, and that I am to receive valuable information emanating from Franchisor's offices in Southlake, Texas. In recognition of the information and its origin, I hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Texas as set forth above. Notwithstanding the foregoing, I acknowledge and agree that Franchisor or the Franchisee may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS CONFIDENTIALITY AGREEMENT AS OF THE DATES NOTED BELOW.

[EMPLOYEE]

ACKNOWLEDGED BY FRANCHISEE

Signature: _____

By: _____

Name: _____

Name: _____

Address: _____

Title: _____

Title: _____

Date: _____

Date: _____

**CROWN EXTENSION BAR, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT E
ACH AUTHORIZATION
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)**

Please complete and sign this form.

Franchisee Information

Franchisee Name or Legal Entity _____

DELTA CROWN™ Salon Number & Location _____

Name and Email of Person to Receive ACH Debit Advice _____

Authorization Agreement

I (we) hereby authorize CROWN EXTENSION BAR, LLC (“Company”) to make regular and occasional ACH withdrawals from my (our) account at the financial institution named below. I also authorize the Company to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

Without limited the forgoing, I expressly authorize Company the right to withdraw: and Royalty fee, Technology fee, Marketing fee, and any other amount owed to Company. I agree to indemnify the Company for any loss arising in the event that any withdrawals from my (our) account shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

This agreement will remain in effect until the Company has received advanced written notice of cancellation from me (us) in such time and in such manner as to afford the Company a reasonable opportunity to act on it, and in no event shall such notice period be less than thirty (30) days.

Payor/Franchisee Account Information

Name of Financial Institution: _____

ABA Routing Number: _____

Account Number: _____
Checking Savings

Payor/Franchisee Signature

Authorized Signature (Primary): _____ Date: _____

Authorized Signature (Joint): _____ Date: _____

Account holder(s), please sign here: *(Joint accounts require the signature of all persons having authority over the account)*

Please attach a voided check at right, scan or mail to:
CROWN EXTENSION BAR, LLC, Attn: Accounting ATTACH CHECK HERE
550 Reserve Street, Suite 380, Southlake, Texas 76092

**CROWN EXTENSION BAR, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT F
LEASE ADDENDUM**

THIS LEASE ADDENDUM (the “**Lease Addendum**”) is made and entered into as of the ___ day of _____, 20___, by and between _____ (“**Landlord**”), with its principal offices at _____ and _____ (“**Franchisee**” or “**Tenant**”), with its principal offices at _____, and CROWN EXTENSION BAR, LLC (“**Franchisor**”) with its principal offices at 550 Reserve Street, Suite 380, Southlake, Texas 76092.

BACKGROUND

- A. CROWN EXTENSION BAR, LLC or its affiliates, and their successors or assigns (“**Franchisor**”) franchises the operation of an upscale salon, (each “**DELTA CROWN™ Salon**” or “**Salon**”) featuring the application of semi-permanent hair extension services and other hair-enhancing services combined with a retail offering of private label cosmetic and skin care lines under the name DELTA CROWN™ and/or other trademarks, service marks, logos, and other indicia of origin prescribed by Franchisor (collectively, the “**Proprietary Marks**”).
- B. Franchisee has acquired the right and has undertaken the obligation to develop and operate DELTA CROWN™ Salon pursuant to the terms and conditions of a certain franchise agreement between Franchisee and Franchisor (“**Franchise Agreement**”).
- C. Under the terms and conditions of the Franchise Agreement, Franchisor has the right to approve the site for the Salon; and if the Salon premises will be occupied pursuant to a commercial lease, Franchisor has prescribed certain lease terms and has the right to condition its approval of a proposed site on inclusion of the prescribed lease terms.
- D. Franchisee desires, and has requested Franchisor’s approval, to develop and operate one DELTA CROWN™ Salon at the premises (“**Premises**”) identified in the attached lease (“**Lease**”).
- E. Landlord desires to lease to Franchisee the Premises for purposes of developing and operating one DELTA CROWN™ Salon.
- F. The parties desire to modify and amend the Lease in accordance with the terms and conditions contained herein for purposes of obtaining Franchisor’s approval.
 - (1) During the term of the Franchise Agreement, the Premises will be used only for the operation of the Salon.
 - (2) Landlord consents to Franchisee’s use of such Proprietary Marks and signs, interior and exterior décor, furnishings, fixtures, items, color schemes, plans, specifications, and related components of DELTA CROWN™ System (as defined in the Franchise Agreement and as Franchisor may prescribe for the Salon).
 - (3) Landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Franchisee.
 - (4) Franchisor will have the right to enter onto the Business premises at any time, to make any modification or alteration necessary to protect DELTA CROWN™ System and Proprietary Marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any

other crime or tort, and the Landlord will not be responsible for any expense or damages arising from Franchisor's action in connection therewith.

(5) In the event of Franchisee's default under the terms of the Lease, Landlord shall promptly deliver notice of such default to Franchisor and shall offer Franchisor the opportunity to cure the default and to assume the Lease in Franchisor's name. If Franchisor elects to cure the default and assume the Lease, Franchisor, within 10 days of its receipt of notice from Landlord, shall notify Landlord of its intent to cure such default and to assume the Lease. If Franchisor elects to cure the default, it shall cure the default within 30 days of such election or, if the default cannot be reasonably cured within such 30-day period, then Franchisor will commence and proceed to cure the default within such time as is reasonably necessary to cure the default. If Franchisor elects to assume the Lease, Landlord agrees to recognize Franchisor as the tenant under the Lease and Franchisee will no longer have any rights there under.

(6) Upon the termination, expiration or non-renewal of the Franchise Agreement, the Franchisor may elect to assume the Lease. If such an election is made the Franchisee agrees it shall assign the Lease and the Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment, or require Franchisor to pay any past due rent or other financial obligation of Franchisee to Landlord, it being understood that Landlord will look solely to the Franchisee for any rents or other financial obligations owed to Landlord prior to such assignment. Landlord and Franchisee acknowledge that Franchisor is not a party to the Lease and will have no liability under the Lease, unless and until the Lease is assigned to, or assumed by, Franchisor.

(7) Except for Franchisee's obligations to Landlord for rents and other financial obligations accrued prior to the assignment of the Lease, in the event of such assignment, Franchisor or any affiliate designated by Franchisor will agree to assume from the date of assignment all obligations of Franchisee remaining under the Lease, and in such event Franchisor or any affiliate will assume Franchisee's occupancy rights, and the right to sublease the Premises, for the remainder of the term of the Lease. In the event of such assignment, neither Franchisor nor any affiliate will be required to pay to Landlord any security deposit.

(8) Notwithstanding anything contained in this Lease, Franchisor is expressly authorized, without the consent of the Landlord, to assign the Lease, or to sublet all or a portion of Premises, to an authorized franchisee. If Franchisor elects to assign the Lease, the subtenant/franchisee shall expressly assume all of Franchisor's obligations under the Lease, and Franchisor shall be released of all obligations to Landlord under the Lease as of the date of assignment. If Franchisor elects to sublet the premises, such subletting shall be subject to the terms of this Lease, the subtenant/franchisee shall expressly assume all of Franchisor's obligations under the Lease, and Franchisor shall remain liable for the performance of the terms of this Lease. Franchisor shall notify Landlord as to the name of the subtenant/franchisee within 10 days after such assignment or subletting, as applicable.

(9) Franchisee will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor.

(10) Neither Landlord nor Franchisee shall amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(11) All notices hereunder shall be by certified mail to the addresses set forth above or to such other addresses as the parties hereto may, by written notice, designate. Notices required to be given to Franchisor shall be delivered to the following address: 550 Reserve Street, Suite 380, Southlake, Texas 76092.

(12) This Lease Addendum shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.

The terms of this Lease Addendum will supersede any conflicting terms of the Lease.

IN WITNESS WHEREOF, the parties have executed this Lease Addendum as of the date first above written.

Landlord:

By: _____

Name: _____

Title: _____

Franchisee:

By: _____

Name: _____

Title: _____

CROWN EXTENSION BAR, LLC

By: _____

Name: _____

Title: Brand Leader

**CROWN EXTENSION BAR, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT G
TELEPHONE NUMBER ASSIGNMENT AGREEMENT**

THIS TELEPHONE NUMBER ASSIGNMENT AGREEMENT is made and entered into on _____, (“**Assignment**”) by and between _____ (hereinafter the “**Assignor**”) and CROWN EXTENSION BAR, LLC (hereinafter the “**Assignee**”).

WITNESSETH:

WHEREAS, the Assignee has developed and owns the proprietary system (“**System**”) for the operation of an upscale salon featuring the application of semi-permanent and temporary hair extension services and other hair-enhancing services, combined with a retail offering of private label cosmetic and skin care lines under the trademark and logo DELTA CROWN™ (the “**Franchised Business**”);

WHEREAS, the Assignor has been granted a license to operate a Franchised Business pursuant to a Franchise Agreement dated _____, in accordance with the System (“**Franchise Agreement**”);

WHEREAS, in order to operate its Franchised Business, the Assignor shall be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements; and

WHEREAS, as a condition to the execution of the Franchise Agreement, the Assignee has required that the Assignor assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the Assignee in the event of the expiration or termination of the Franchise Agreement;

NOW, THEREFORE, in consideration of the foregoing, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Assignment. In the event of termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the System, the Assignor hereby sells, assigns, transfers and conveys to the Assignee all of its rights, title and interest in and to certain telephone numbers, telephone listings and telephone directory advertisements pursuant to which Assignor shall operate its Franchised Business in accordance with the terms of the Franchise Agreement; provided, however, such Assignment shall not be effective unless and until the Franchise Agreement expires or is terminated in accordance with the provisions thereof.

2. Representation and Warranties of the Assignor. The Assignor hereby represents, warrants and covenants to the Assignee that:

(a) As of the effective date of the Assignment, all of the Assignor’s obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services shall be paid and current;

(b) As of the date hereof, the Assignor has full power and legal right to enter into, execute, deliver and perform this Agreement;

(c) This Agreement is a legal and binding obligation of the Assignor, enforceable in accordance with the terms hereof;

(d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which the Assignor is a party

or by which the Assignor is bound, and no consent of nor approval by any third party is required in connection herewith; and

(e)The Assignor has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements (individually and collectively referred to as “Listings”), and the Assignor has obtained all necessary consents to this Assignment.

(f)Notwithstanding the foregoing, Assignor hereby warrants and represents to Assignee that Assignor will within one (1) business day following Assignor’s receipt of Assignee’s request to acquire the Listings to immediately instruct each of Assignor’s providers to initiate the process and provide the vendors’ documents necessary to complete the assignment. Assignee further warrants and represents that Assignee will take no action to impede or prohibit the successful assignment of the Listings to Assignor, and that Assignor shall fully cooperate with Assignee with regard to the assignment; specifically in the execution of any documentation required by Assignor’s provider(s) to effectuate the assignment of the telephone numbers and Listings.

3. Miscellaneous. The validity, construction and performance of this Assignment shall be governed by the laws of the State of Texas. All agreements, covenants, representations and warranties made herein shall survive the execution hereof. All rights of the Assignee shall inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, each of the parties has executed this Assignment as of the day and year first written above.

ASSIGNEE:

ASSIGNOR:

CROWN EXTENSION BAR, LLC
A Delaware limited liability company

ENTITY

By: _____
 , Brand Leader

By: _____
 NAME, TITLE

Date: _____

Date: _____

CALIFORNIA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between CROWN EXTENSION BAR, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq., (collectively, the “**Act**”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

b. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

c. The 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.).

d. The Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

f. The Agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

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

2. To the extent that Section 19.1 of the Agreement (pertaining to choice of law) conflicts with California law, California law will control.

3. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

5. No disclaimer, questionnaire, clause, or statement signed by a franchisee or prospective 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.

6. To the extent that Section 15.1 of the Agreement (pertaining to choice of law) conflicts with California law, California law will control.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
CROWN EXTENSION BAR, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ILLINOIS AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between CROWN EXTENSION BAR, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

Illinois law governs the Franchise Agreement.

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

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

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

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

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
CROWN EXTENSION BAR, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MARYLAND AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between CROWN EXTENSION BAR, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Any provision requiring you to sign a general release of any and all claims against us shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.
2. Any provision requiring you to bring an action against us in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Section 14-226 of the Maryland Franchise Registration and Disclosure Law, prohibits us from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law, in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
4. Notwithstanding anything to the contrary set forth in the Agreement, any general release the Franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability we may have incurred under the Maryland Franchise Registration and Disclosure Law.
5. The Franchise Agreement is amended by the addition of the following language to the original language that appears in the choice of law language therein:

“This section shall not in any way abrogate or reduce any of your rights as provided for in Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, including the right to submit matters to the jurisdiction of the Courts of Maryland.”
6. Notwithstanding anything to the contrary set forth in the Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
7. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.
8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.
9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
CROWN EXTENSION BAR, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between CROWN EXTENSION BAR, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Section 80C.12, Subd. 1(g), (the “**Act**”), which requires us to protect your right to use the trademarks, service marks and trade names and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of same.
2. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days’ notice for non-renewal of the Agreement.
3. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Section 604.113 which limits charges for nonpayment due to insufficient funds to \$30.
4. Notwithstanding anything to the contrary set forth in the Agreement, any general release you are required to assent to shall not apply to any liability we may have under the Act.
5. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibits the Franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Agreement can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
6. Minn. Stat. Section 80C.17. Notwithstanding anything to the contrary in the Franchise Agreement, to the extent that a claim is subject to Minnesota Statutes, Section 80C.15 Subd. 5, the statute shall control.
7. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.
8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

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

[The Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
CROWN EXTENSION BAR, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NEW YORK AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between CROWN EXTENSION BAR, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Releases. The following language is added to the end of Section 2.2 of the Franchise Agreement entitled Successor Terms and Sections 12.3 and 12.4 of the Franchise Agreement entitled Transfer of Interest:

“If Franchisee is required to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the New York General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Sections 680 to 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.”

2. Termination. The following language is added to the end of Section 13 of the Franchise Agreement entitled Default and Termination:

“You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.”

3. Assignment. The following language is added to the end of Section 12.1 of the Franchise Agreement entitled Transfer of Interest:

“However, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor’s obligations under the Franchise Agreement.”

4. Governing Law. The following language is added to the end of Section 19.1 of the Franchise Agreement entitled 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.”

5. Conflicting Terms. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

6. Miscellaneous. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
CROWN EXTENSION BAR, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NORTH DAKOTA AMENDMENT TO FRANCHISE AGREEMENT

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information replaces or supplements the corresponding disclosures in the main body of the text of the CROWN EXTENSION BAR, LLC Franchise Disclosure Document and corresponding provisions of the Franchise Agreement:

Item 17.

The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law to the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 17(c), and any other place it appears in the Franchise Disclosure Document and the Franchise Agreement.

The Commissioner has determined that any requirement for franchisees to consent to termination or liquidated damages is unfair, unjust, and inequitable within the intent of the North Dakota Franchise Investment Law. Any references in the Disclosure Document requiring franchisees to consent to termination penalties or liquidated damages are deleted in Disclosure Document and Franchise Agreement.

Covenants not to compete such as those mentioned in Item 17 of the Franchise Disclosure Document and the Franchise Agreement are generally considered unenforceable in the State of North Dakota.

The State of North Dakota has determined that parties agreeing to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business to be unfair, unjust, or inequitable within the intent of Section 51-19-09 North Dakota Insurance & Securities Department | 2 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business. The Franchise Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Disclosure Document and Franchise Agreement.

The Franchise Agreement requires franchisees to consent to a waiver of trial by jury. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Disclosure Document and Franchise Agreement.

The Franchise Disclosure Document and Franchise Agreement state that franchisees must consent to the jurisdiction of courts in the State of Texas. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Disclosure Document and Franchise Agreement.

The Franchise Agreement requires franchisees to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and, instead, the statute of limitations under North Dakota law will apply.

For North Dakota franchisees, the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the

commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
CROWN EXTENSION BAR, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

VIRGINIA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between CROWN EXTENSION BAR, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, (the “**Act**”), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Act or the laws of Virginia, that provision may not be enforceable.

2. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

CROWN EXTENSION BAR, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

WASHINGTON AMENDMENT TO FRANCHISE AGREEMENT AND RELATED AGREEMENTS

THIS ADDENDUM TO FRANCHISE AGREEMENT (“**Addendum**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between CROWN EXTENSION BAR, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

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

20. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
21. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
22. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
23. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
24. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
25. **Transfer Fees**. Transfer fees are collectable only to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
26. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.
27. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee’s business for any reason during the term of the franchise agreement without the franchisee’s consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

28. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
29. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
30. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
31. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
32. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
33. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
34. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
35. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
36. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
37. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with

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

38. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until Franchisor has met all its pre-opening obligations under the agreement and Franchisee is open for business with respect to each such location.
39. Section 12.1 of the Franchise Agreement does not waive the rights of franchisees arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, and the rules adopted thereunder.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

CROWN EXTENSION BAR, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT C
DEVELOPMENT AGREEMENT

**CROWN EXTENSION BAR, LLC
DEVELOPMENT AGREEMENT**

This Development Agreement (“**Agreement**”) made effective as of _____ (“**Effective Date**”) by and between Crown Extension Bar, LLC, a Delaware limited liability with a business address at 550 Reserve Street, Suite 380, Southlake, Texas 76092 (the “**Franchisor**”); and _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the “**Developer**”).

BACKGROUND

A. Franchisor has acquired the license to use and to sublicense the use of a luxury hair extension salon (“**Salon**”) featuring the installation of semi-permanent hair extensions and extension related hair services including coloring, washing, styling and cuts as services available to members, combined with a retail offering of brand name and private label hair care lines under the trade name and trademark DELTA CROWN™ and other trademarks, service marks, logos and catch phrases (“**Marks**”) (the “**System**”).

B. The distinguishing characteristics of the System include, without limitation, the combination of services provided, including hair extensions, related hair services combined with a retail offering of brand name and private label hair products care products which incorporate Franchisor’s trade secrets and proprietary information (the “**Proprietary Products**”); distinctive exterior and interior design, decor, color scheme, fixtures, and furnishings; standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time. Developer hereby acknowledges and agrees that: (i) the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information that makes the System unique as a whole (the “**Confidential Information**”); and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals are proprietary and confidential.

C. The System and Salons are identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “DELTA CROWN™” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the “**Proprietary Marks**”). The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor grants qualified third parties the right to develop a certain number of Salons within corresponding defined site selection areas (each, a “**Site Selection Area**”) in accordance with the terms of this Agreement to which Developer must be strictly adhere, with each Salon within the Site Selection Areas being opened and operating utilizing the Proprietary Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor’s then-current form of franchise agreement (each, a “**Franchise Agreement**”).

E. Developer recognizes the benefits from receiving the right to operate a Salon utilizing the System and desires to: (i) become a multi-unit operator subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to open and operate a certain number of Salons within the Site Selection Areas as set forth in this Agreement (each, a “**Salon**”), and Franchisor has approved such application in reliance on Developer’s representations made therein.

G. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor's operations manual and other System standards and specifications, are essential to the operation of all Salons and the System as a whole.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Site Selection Areas; Development Schedule and Obligations. Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish _____ Salons within the Site Selection Areas defined in the Data Sheet attached hereto as Attachment A (the "**Data Sheet**"), provided Developer opens and begins operations of such Salons in strict accordance with the mandatory development schedule also set forth in the Data Sheet (the "**Development Schedule**") and otherwise subject to the terms and conditions set forth herein. The Site Selection area may consist of zip codes or a geographic area, identified to represent the search area in which the salons must be located. Once a site location is approved within a Site Selection Area, the franchisor will apply a radius, not to exceed 5 miles, which will then reflect the final protected development area in which no other salons can be built, removing the relevance of the initial Site Selection Area. The parties agree and acknowledge that, for so long as Developer remains in compliance with the terms of this Agreement, Franchisor shall not grant any third party the right to open and operate a Salon within the Site Selection Areas, provided that such exclusivity in each Site Selection Area will automatically expire without any further notice or action by the Franchisor if Developer fails to timely open and commence operations of any Salon in accordance with the Development Schedule. Developer agrees and acknowledges that time is of the essence with respect to its obligations under this Section 1 and this Agreement generally. The parties agree and acknowledge that, should Developer request any change to any of its Site Selection Area(s) and Franchisor agrees to such change, Developer will incur the then-current fee associated with such change.

2. Development Fee. Developer shall pay Franchisor a development fee equal to \$_____ (the "**Development Fee**") for the right to develop the foregoing Salons within the Site Selection Areas under this Agreement. The Development Fee is fully earned upon payment and is not refundable under any circumstances; and payable to Franchisor immediately on Developer's execution of this Agreement.

2.1 The parties agree and acknowledge that the Development Fee is comprised of the franchise fee payable in connection with: (i) the initial Salon that Developer is granted the right to open within a given Site Selection Area under this Agreement (the "**Initial Salon**"); and (ii) each additional Salon that Franchisor has granted Developer the right to open hereunder (each, an "**Additional Salon**").

3. Initial Franchise Agreement. Contemporaneously with the execution of this Agreement, Developer must enter into Franchisor's current form of Franchise Agreement for the Initial Salon that Developer is required to open within a given Site Selection Area. In the event Developer is a business entity of any kind, then Developer's principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 4 of this Agreement.

4. Additional Franchise Agreements. Developer agrees and acknowledges that it must: (i) enter into Franchisor's then-current form of Franchise Agreement for each Additional Salon that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements at such times that are required for Developer to timely meet, and strictly adhere to, its obligations under the agreed upon Development Schedule.

5. Development Obligations. Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the number of new Salons during each of the development periods defined in the Development Schedule (each, a "**Development Period**"); and (ii) has the minimum cumulative

number of Salons open and operating at the expiration of each such Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer's failure to comply with the Development Schedule in any manner with respect to any Development Period is grounds for immediate termination of this Agreement if not timely cured as set forth in Section 6.2 of this Agreement (and any future development rights granted hereunder).

6. Term and Termination.

6.1 This Agreement will begin on the Effective Date and, unless earlier terminated by Franchisor, will expire on the earlier of: (i) the last day of the calendar month that the final Salon is required to be opened and operating under the Development Schedule; or (ii) the date Developer actually opens the last Salon that Developer is granted the right to open under this Agreement. Upon expiration or termination of this Agreement for any reason, Developer will not have any territorial rights other than those that might be granted in connection with a "Designated Territory" associated with a Salon that Developer has opened and begun operating as of the date this Agreement is terminated or expires (if and as such rights are granted by Franchisor under the respective Franchise Agreement(s) that Developer entered into for such Salons).

6.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Site Selection Areas or otherwise abandons its development business for three consecutive months, or any shorter period that indicates an objective intent by Developer to discontinue development of the Salons within the Site Selection Areas; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations under the Development Schedule for any single Development Period, and fails to cure such default within 30 days of receiving notice thereof; and (iv) if any Franchise Agreement that is entered into in order to fulfill Developer's development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

7. Reservation of Rights. Except as provided in Article 1 of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

8. Sale or Assignment. Developer's rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a general partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

9. Acknowledgment. Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor's Proprietary Marks or System.

10. Notices. All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail via recognized courier such as UPS or FedEx, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

11. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to this state's conflict of laws principles.

12. Internal Dispute Resolution. Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor's CEO or President, after providing Franchisor with notice of and a reasonable opportunity to cure an alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

13. Mediation. At Franchisor's option, all claims or disputes between Developer, Developer's owner, and Franchisor or its affiliates arising out of or in any way relating to this Agreement or any other agreement between Developer, Developer's owner, and Franchisor or its affiliates, or any of the parties' respective rights and obligations arising from such agreements, which are not first resolved through the internal dispute resolution procedure set forth in Section 12 above, must be submitted first to mediation under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Mediation shall be held at the offices of the AAA in the city where Franchisor maintains its principal business offices. Each party will bear its own costs of mediation, and the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally. The mediation shall be conducted by a mediator agreed upon by Franchisor and Developer. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

13.1. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify Developer whether Franchisor or its affiliates elect to exercise our option to submit claims or disputes to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of Franchisor's written declaration. Franchisor's right to mediate, as set forth herein, may be specifically enforced by Franchisor. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

13.2 Notwithstanding the foregoing provisions of this Section 13., the parties' agreement to mediate shall not apply to any controversy, dispute or claim related to or based on (a) any federally protected intellectual property rights in the Proprietary Marks, the System, any Confidential Information, (b) amounts owed to Franchisor pursuant to this Agreement or (c) for temporary or preliminary injunctive or other extraordinary relief sought ("Excepted Claims"). Any Excepted Claims may be brought in any court of competent jurisdiction.

14. Arbitration. Except for any Excepted Claims which either party has the right to bring in any court of competent jurisdiction, you and we agree to submit any claim, controversy or dispute (collectively, "**Dispute**") between us or any of our affiliates (and/or their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and/or your owners, guarantors, agents, representatives and/or employees, as applicable) arising out of or related to (a) this Agreement or any other agreement between us and you, (b) our relationship with you, (c) the validity of this Agreement or any other agreement between us and you, or (d) any System standard, to arbitration.

The parties agree that notwithstanding anything to the contrary in this Agreement, Disputes shall be submitted to binding arbitration in accordance with this Section 19.3. The arbitration shall be conducted through the American Arbitration Association ("AAA") and in accordance with the AAA's Commercial Arbitration Rules ("**Rules**"). The arbitration shall be conducted by one (1) arbitrator selected by agreement of the parties or (in the event the parties cannot agree) in accord with the Rules. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of

evidence. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The place of arbitration shall be in the county in which Franchisor maintains its principal business offices at the time of arbitration, currently set in Tarrant County, Texas, unless otherwise mutually agreed between the parties. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Article 20. The arbitrator, in the conduct of the arbitration, shall not have the authority to declare any Proprietary Mark generic or otherwise invalid. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The parties agree that all Disputes submitted to arbitration shall be conducted on an individual, and not a class wide, basis, and that only Franchisor (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and Developer (and its affiliates and its and their respective owners, guarantors, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other natural person, association, corporation, partnership, limited liability company or other entity.

If any party to an arbitration wishes to appeal any final award by the arbitrator, such party may appeal, within thirty (30) days of such final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal panel. Any party that does not pay for or share in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.

15. Jurisdiction and Venue. Subject to Sections 13 and 14 of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state or federal court closest to where Franchisor maintains its principal business offices at the time of filing, currently Tarrant County, Texas (unless settled by the parties after such action is initiated). Developer acknowledges that Franchisor may bring an action in any other court of competent jurisdiction to seek and obtain injunctive relief as set forth in Section 14 above. Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts described in this Section.

16. Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, including without limitation, the right to specifically utilize and exhaust the mediation procedure with respect to any and all claims asserted against such person(s) by Developer or its principals.

17. JURY TRIAL WAIVER. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR DEVELOPER'S PURCHASE FROM FRANCHISOR OF THE DEVELOPMENT RIGHTS DESCRIBED HEREIN.

18. WAIVER OF CLASS ACTIONS. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED

BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN DEVELOPER, DEVELOPER'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

19. Waiver of Punitive Damages. Developer waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

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

21. Nonwaiver. Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

22. Severability. The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, that renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

23. Construction of Language. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

24. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. Each direct and indirect individual and entity owner of Developer ("Owner") shall execute the Personal Guaranty and Undertaking attached as Attachment B. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the Personal Guaranty and Undertaking.

24. Successors. References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Article 8 of this Agreement.

25. Additional Documentation. Developer must from time to time, subsequent to the date first set forth above, at Franchisor’s request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer’s attorney-in-fact to execute any and all documents on Developer’s behalf, as reasonably necessary to effectuate the transactions contemplated herein.

26. No Right to Offset. Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

27. Entire Agreement. This Agreement contains the entire agreement between the parties concerning Developer’s development rights within the Site Selection Areas; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor’s policies, procedures, standards, specifications or manuals at Franchisor’s discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISOR

DEVELOPER

CROWN EXTENSION BAR, LLC

ENTITY

By: _____
 , President

By: _____
 NAME, TITLE

Date: _____

Date: _____

**ATTACHMENT A
TO DEVELOPMENT AGREEMENT
DATA SHEET**

1. Site Selection Areas. The Site Selection Areas, as referred to in Article 1 of the Development Agreement, are described below (or an attached map) by geographic boundaries and will consist of the following area or areas listed below. Upon approval of a site/lease, the Site Selection Area will be replaced with a Protected Area in the Franchise Agreement, which shall be defined by a radius not to exceed 5 miles.

Site Selection Area #1: _____

Site Selection Area #2: _____

Site Selection Area #3: _____

2. Development Schedule. The Development Schedule referred to in Article 5 of the Development Agreement is as follows:

Expiration of Development Period (each, a “Development Period”)	No. of New Salons Opened Within Development Period	Cumulative No. of Salons that Must Be Open and Operating
12 Months from Effective Date	1	1
Months 13 through 36 of the Development Agreement	1	2
Months 37 through 48 of the Development Agreement	1	3

FRANCHISOR

DEVELOPER

CROWN EXTENSION BAR, LLC

ENTITY

By: _____

By: _____
NAME, TITLE

Date: _____

Date: _____

ATTACHMENT B
TO DEVELOPMENT AGREEMENT
PERSONAL GUARANTY AND UNDERTAKING

THIS PERSONAL GUARANTY AND UNDERTAKING is given this date of _____, by each of the undersigned below (each a “**Guarantor**”).

In consideration of, and as an inducement to, the execution of that certain Development Agreement of even date (the “**Development Agreement**”) by CROWN EXTENSION BAR, LLC (the “**Franchisor**”), and with _____ (“**Developer**”), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Development Agreement and as provided in the Development Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Development Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Development Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, as though each were the Developer under the Development Agreement.

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

Each Guarantor hereby consents and agrees that: (1) such Guarantor’s undertaking shall be direct, immediate and independent of the liability of, and shall be joint and several with, Developer and any other Guarantors; (2) Guarantor shall render any payment or performance required under the Development Agreement upon demand if Developer fails or refuses punctually to do so; (3) Guarantor’s liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; (4) Guarantor’s liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Developer or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Development Agreement; (5) this undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Developer or any assignee or successor of Developer or by any abandonment of the Development Agreement by a trustee of Developer; (6) neither the Guarantor’s obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Developer or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency; (7) Franchisor may proceed against Guarantor and Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Developer; and (8) Guarantor shall pay all reasonable attorneys’ fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

IN WITNESS WHEREOF, each Guarantor has executed this Guaranty and Assumption of Obligations as of the date set forth above.

GUARANTOR(S):

Guarantor

Guarantor

Guarantor

CALIFORNIA AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____ is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____ by and between Crown Extension Bar, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq., (collectively, the “**Act**”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

b. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

c. The 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.).

d. The Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

f. The Agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

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

2. To the extent that Section 19.1 of the Agreement (pertaining to choice of law) conflicts with California law, California law will control.

3. In the event of any conflict between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

5. No disclaimer, questionnaire, clause, or statement signed by a franchisee or prospective 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.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

CROWN EXTENSION BAR, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ILLINOIS AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____ is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____ by and between Crown Extension Bar, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

Illinois law governs the Development Agreement.

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

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

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

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

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

CROWN EXTENSION BAR, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MARYLAND AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____, by and between Crown Extension Bar, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. Any provision requiring you to sign a general release of any and all claims against us shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.
2. Any provision requiring you to bring an action against us in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Section 14-226 of the Maryland Franchise Registration and Disclosure Law, prohibits us from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law, in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
4. Notwithstanding anything to the contrary set forth in the Agreement, any general release the Developer is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability we may have incurred under the Maryland Franchise Registration and Disclosure Law.
5. The Development Agreement is amended by the addition of the following language to the original language that appears in the choice of law language therein:

“This section shall not in any way abrogate or reduce any of your rights as provided for in Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, including the right to submit matters to the jurisdiction of the Courts of Maryland.”
6. Notwithstanding anything to the contrary set forth in the Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
7. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.
8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.
9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
CROWN EXTENSION BAR, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MINNESOTA AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____, by and between Crown Extension Bar, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Section 80C.12, Subd. 1(g), (the “**Act**”), which requires us to protect your right to use the trademarks, service marks and trade names and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of same.
2. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days’ notice for non-renewal of the Agreement.
3. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Section 604.113 which limits charges for nonpayment due to insufficient funds to \$30.
4. Notwithstanding anything to the contrary set forth in the Agreement, any general release you are required to assent to shall not apply to any liability we may have under the Act.
5. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibits the Franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Agreement can abrogate or reduce any of Developer’s rights as provided for in Minnesota Statutes, Chapter 80C, or Developer’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
6. Minn. Stat. Section 80C.17. Notwithstanding anything to the contrary in the Franchise Agreement, to the extent that a claim is subject to Minnesota Statutes, Section 80C.15 Subd. 5, the statute shall control.
7. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.
8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

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

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
CROWN EXTENSION BAR, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NEW YORK AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____, by and between Crown Extension Bar, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. Releases. The following language is added to the end of the Development Agreement:

“If Franchisee is required to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law of the State of New York, regulation, rule or order under the Law, such release shall exclude claims arising under the General Business Law of the State of New York, Article 33, Sections 680 to 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.”

2. Termination. The following language is added to the end of Section 6 of the Development Agreement entitled Term and Termination:

“You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.”

3. Assignment. The following language is added to the end of Section 8 of the Development Agreement entitled Sale or Assignment:

“However, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor’s obligations under the Franchise Agreement.”

4. Governing Law. The following language is added to the end of Section 11 of the Development Agreement entitled 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.”

5. Conflicting Terms. In the event of any conflict between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall prevail.

6. Miscellaneous. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
CROWN EXTENSION BAR, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NORTH DAKOTA AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between Crown Extension Bar, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law to the franchisor to require the franchisee to sign a general release upon renewal of the Development Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Development Agreement is deleted from Item 17(c), and any other place it appears in the Development Agreement.

The Commissioner has determined that any requirement for franchisees to consent to termination or liquidated damages is unfair, unjust, and inequitable within the intent of the North Dakota Franchise Investment Law. Any references requiring franchisees to consent to termination penalties or liquidated damages are deleted in the Development Agreement.

Covenants not to compete such as those mentioned in Item 17 of the Franchise Disclosure Document and the Development Agreement are generally considered unenforceable in the State of North Dakota.

Under the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void. Any mediation or arbitration will be held at a site agreeable to all parties. The laws of North Dakota will govern any dispute.

The Development Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Disclosure Document and Development Agreement.

The Development Agreement requires franchisees to consent to a waiver of trial by jury. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Disclosure Document and Development Agreement.

The Franchise Disclosure Document and Development Agreement that franchisees must consent to the jurisdiction of courts in the State of Texas. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Disclosure Document and Development Agreement.

The Franchise Agreement requires franchisees to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and, instead, the statute of limitations under North Dakota law will apply.

For North Dakota franchisees, the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys’ fees.

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

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

Each provision of this Addendum to the Development Agreement shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
CROWN EXTENSION BAR, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

VIRGINIA AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____ is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____ by and between Crown Extension Bars, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, (the “**Act**”), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Development Agreement does not constitute “reasonable cause,” as that term may be defined in the Act or the laws of Virginia, that provision may not be enforceable.

3. In the event of any conflict between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

CROWN EXTENSION BAR, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

WASHINGTON ADDENDUM TO DEVELOPMENT AGREEMENT AND RELATED AGREEMENTS

THIS ADDENDUM TO DEVELOPMENT AGREEMENT (“Addendum”) dated _____ is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “Development Agreement”) dated _____ by and between Crown Extension Bar, LLC (“Franchisor”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“you” or “Developer”). Defined terms contained in the Development Agreement shall have the identical meanings in this Addendum.

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

40. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
41. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
42. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
43. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
44. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
45. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
46. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
47. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee’s business for any reason during the term of the franchise agreement without the franchisee’s consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

48. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
49. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
50. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
51. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
52. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
53. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
54. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
55. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
56. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
57. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with

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

58. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until Franchisor has met all its pre-opening obligations under the agreement and Franchisee is open for business with respect to each such location.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

CROWN EXTENSION BAR, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT D
GENERAL RELEASE
(SAMPLE FORM ONLY)

GENERAL RELEASE

The undersigned and my heirs, administrators, executors, ancestors, and assigns, for good and valuable consideration, the receipt of which is hereby acknowledged, hereby remise, release, and forever discharge Delta Crown Extension Bar, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal business offices located at 550 Reserve Street, Suite 380, Southlake, Texas 76092 and its Affiliates, and their respective owners, officers, directors, employees, and agents (collectively, the “**Franchisor Released Parties**”) from any and all claims, whether at law or in equity, and all contracts, controversies, claims, and demands whatsoever, at law or in equity, that I ever had, now have, or that my respective heirs, administrators, ancestors, executors, and/or assigns may have against the Franchisor Released Parties including, without limitation, all claims arising out of or related to that certain Franchise Agreement between Franchisor and _____ dated _____

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_____, and the offer and sale of DELTA CROWN™ franchise opportunity.

I acknowledge that this general release extends to claims which I do not know or suspect to exist in my favor at the time of executing this Release Agreement, which if were known to me may have materially affected my decision to enter into this Release Agreement. I understand that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. I expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth below.

Signature: _____

Name: _____

Date: _____

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

EXHIBIT E
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OF CONFIDENTIAL OPERATIONS MANUAL

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EXHIBIT F
FINANCIAL STATEMENTS
AND GUARANTEE OF PERFORMANCE

BCC Services Holding Company and Subsidiaries

Consolidated Financial Report
December 31, 2024

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Independent Auditor's Report

To the Board of Directors
BCC Services Holding Company and Subsidiaries

Opinion

We have audited the consolidated financial statements of BCC Services Holding Company and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024 and 2023 and the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2024 and the period from April 17, 2023 (inception) to December 31, 2023, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the year ended December 31, 2024 and the period from April 17, 2023 (inception) to December 31, 2023 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 Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors
BCC Services Holding Company and Subsidiaries

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Plante & Moran, PLLC

March 14, 2025

BCC Services Holding Company and Subsidiaries

Consolidated Balance Sheet

December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash	\$ 5,281,398	\$ 5,290,681
Accounts receivable:		
Trade - Net	644,921	27,726
Other	245,992	333,633
Inventory	470,255	33,008
Prepaid expenses and other current assets	458,658	206,613
	<u>7,101,224</u>	<u>5,891,661</u>
Total current assets		
Property and Equipment - Net	54,458	26,000
Operating Lease Right-of-use Assets - Net (Note 4)	301,293	158,457
Goodwill - Net (Note 5)	33,123,551	8,808,903
Intangible Assets - Net (Note 5)	32,756,067	2,654,486
Other Assets		
Deposits	13,316	2,925
Deferred tax asset - Net (Note 8)	-	1,013,421
Other noncurrent assets	99,175	-
	<u>99,175</u>	<u>-</u>
Total assets	<u>\$ 73,449,084</u>	<u>\$ 18,555,853</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Trade accounts payable	\$ 222,105	\$ 119,369
Current portion of operating lease liability (Note 4)	126,860	14,721
Deferred revenue	687,582	264,209
Accrued compensation and other current liabilities	1,421,301	536,024
	<u>2,457,848</u>	<u>934,323</u>
Total current liabilities		
Operating Lease Liability - Net of current portion (Note 4)	186,350	143,737
Other Long-term Liabilities - Deferred revenue - Net of current portion	6,187,706	1,197,916
	<u>6,187,706</u>	<u>1,197,916</u>
Total liabilities	8,831,904	2,275,976
Stockholders' Equity	64,617,180	16,279,877
	<u>64,617,180</u>	<u>16,279,877</u>
Total liabilities and stockholders' equity	<u>\$ 73,449,084</u>	<u>\$ 18,555,853</u>

BCC Services Holding Company and Subsidiaries

Consolidated Statement of Operations

	Year Ended December 31, 2024	Period from April 17, 2023 (Inception) to December 31, 2023
Net Revenue		
Royalty fees	\$ 5,426,163	\$ 1,053,674
Initial franchise fees	941,096	190,566
Advertising fund fees	1,683,554	187,880
Product revenue	2,747,056	-
Technology fees, service revenue, and other	1,639,993	329,960
Total net revenue	12,437,862	1,762,080
Cost of Sales	2,270,758	76,280
Gross Profit	10,167,104	1,685,800
Operating Expenses		
General and administrative expenses	13,231,652	2,704,283
Selling and marketing expenses	2,305,925	-
Transaction expenses	1,897,304	1,870,283
Total operating expenses	17,434,881	4,574,566
Operating Loss	(7,267,777)	(2,888,766)
Nonoperating Income (Expense)		
Interest income	1,860	548
Other income	94,366	47,775
Interest expense	(2,604)	-
Total nonoperating income	93,622	48,323
Loss - Before income taxes	(7,174,155)	(2,840,443)
Income Tax Expense (Recovery)	1,288,542	(675,320)
Consolidated Net Loss	\$ (8,462,697)	\$ (2,165,123)

BCC Services Holding Company and Subsidiaries

Consolidated Statement of Stockholders' Equity

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance - April 17, 2023 (inception)	\$ -	\$ -	\$ -	\$ -
Consolidated net loss	-	-	(2,165,123)	(2,165,123)
Issuance - Common stock	184	18,444,816	-	18,445,000
Balance - December 31, 2023	184	18,444,816	(2,165,123)	16,279,877
Consolidated net loss	-	-	(8,462,697)	(8,462,697)
Issuance - Common stock	640	56,799,360	-	56,800,000
Balance - December 31, 2024	<u>\$ 824</u>	<u>\$ 75,244,176</u>	<u>\$ (10,627,820)</u>	<u>\$ 64,617,180</u>

BCC Services Holding Company and Subsidiaries

Consolidated Statement of Cash Flows

	Year Ended December 31, 2024	Period from April 17, 2023 (Inception) to December 31, 2023
Cash Flows from Operating Activities		
Consolidated net loss	\$ (8,462,697)	\$ (2,165,123)
Adjustments to reconcile consolidated net loss to net cash from operating activities:		
Amortization	5,256,296	607,481
Depreciation	15,995	-
Bad debt expense	75,345	-
Deferred income taxes	1,281,945	(675,320)
Noncash lease expense	11,917	-
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	(165,244)	(110,372)
Inventory	71,367	5,212
Prepaid expenses and other assets	(296,031)	(130,787)
Accounts payable	8,462	99,125
Accrued and other liabilities	386,434	95,004
Deferred revenue	(304,566)	(205,950)
Net cash used in operating activities	(2,120,777)	(2,480,730)
Cash Flows from Investing Activities		
Cash paid for acquisitions - Net of cash acquired	(46,778,755)	(9,623,589)
Purchase of property and equipment	(209,751)	-
Net cash used in investing activities	(46,988,506)	(9,623,589)
Cash Flows Provided by Financing Activities - Proceeds from issuance of common stock	49,100,000	17,395,000
Net (Decrease) Increase in Cash	(9,283)	5,290,681
Cash - Beginning of period	5,290,681	-
Cash - End of period	<u>\$ 5,281,398</u>	<u>\$ 5,290,681</u>
Significant Noncash Transactions - Fair value of rollover equity issued for business acquisitions	\$ 7,700,000	\$ 1,050,000

BCC Services Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 1 - Nature of Business

BCC Services Holding Company and Subsidiaries (the "Company") includes its wholly owned subsidiaries, BCC Services Intermediate Holding Company (Intermediate); BCC Services, LLC; BCC Franchising LLC; Frenchies, LLC; Frenchies Revolution, LLC; and The Lash Franchise Holdings, LLC. The Company is an integrated franchisor of hair and beauty salons, including the following brands: Bishops Cuts/Color (Bishops), Frenchies Modern Nail Care (Frenchies), and The Lash Lounge (Lash Lounge). As of December 31, 2024, there were 40 Bishops locations, 24 Frenchies locations, and 140 Lash Lounge locations open and operating. As of December 31, 2023, there were 40 Bishops locations and 24 Frenchies locations open and operating. This includes one Frenchies location owned and operated by the Company.

Note 2 - Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Company have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Cash

The Company maintains cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Accounts Receivable

Trade accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. At December 31, 2024 and 2023, the Company had recorded an allowance for credit losses in the amount of \$98,091 and \$17,194, respectively. The Company evaluates the collectibility of its accounts receivable and determines the appropriate allowance for expected credit losses based on a combination of factors, including the aging of the receivables, historical collection trends, and charge-offs and includes adjustments for current economic conditions and reasonable and supportable forecasts. When the Company is aware of a franchisee or customer's inability to meet its financial obligation, the Company may individually evaluate the related receivable to determine the allowance for expected credit losses. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received.

Inventory

Inventory is stated at the lower of cost or net realizable value, with cost determined on the first-in, first-out (FIFO) method.

Leases

The Company has three operating leases, which are disclosed in Note 4.

The Company recognizes expense for operating leases on a straight-line basis over the lease term. The Company made a policy election not to separate lease and nonlease components for the lease. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Company elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for the lease.

Note 2 - Significant Accounting Policies (Continued)

Intangible Assets

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable.

The Company has elected to apply the private company accounting alternative for intangible assets acquired in a business combination developed by the Private Company Council. Under the accounting alternative, certain acquired customer-related intangible assets and noncompetition agreements are not separately recognized apart from goodwill.

No impairment charge was recognized during the year ended December 31, 2024 or the period from April 17, 2023 (inception) to December 31, 2023.

Goodwill

The recorded amounts of goodwill from the business combinations disclosed in Note 3 are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. The Company has adopted the provisions of ASU No. 2021-08, *Business Combinations: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Topic 805)*, which requires companies to record contracts with customers based on the guidance under ASC 606 rather than at fair value.

The Company has elected to apply the private company accounting alternative for goodwill developed by the Private Company Council. Under the accounting alternative, goodwill is amortized on a straight-line basis over a 10-year period. Additionally, goodwill is assessed for potential impairment if events occur or circumstances change that indicate the fair value of the Company may be less than its carrying value. The Company has elected to test goodwill for impairment at the entitywide level.

No impairment charge was recognized during the year ended December 31, 2024 or the period from April 17, 2023 (inception) to December 31, 2023.

Revenue Recognition

The Company's revenue from operations mainly consists of franchise fees, royalties, advertising fees, technology fees, and product sales to franchisees. The Company sells individual franchisees the right to operate a store within a defined territory using one of the franchised names. The initial term of franchise agreements is typically 10 years, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid.

The Company has obligations to provide franchisees with the franchise rights to operate a store, training, and site selection, as well as technology and advertising for which fees are charged. The Company has concluded that the franchise right, training, and site selection obligations represent a single performance obligation. Therefore, initial franchise fees for each agreement are allocated to each individual franchise and recognized over the term of the respective franchise agreement beginning on the date a franchisee opens. Income for royalties, technology fees, and advertising fees is recognized over the term of the respective franchise agreement as the underlying services are provided. Income from product sales is recognized at the time the sale occurs.

December 31, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Payment Terms

Initial franchise fees are due and typically paid when a franchise agreement is executed and are nonrefundable. These fees are collected prior to the satisfaction of the Company's performance obligations, resulting in the Company recognizing deferred revenue contract liabilities. The portion of contract liabilities that is expected to be recognized as revenue within one year is classified as current on the consolidated balance sheet. Initial franchise fees are also received pursuant to area development agreements, which grant the right to develop franchised stores in future periods in specific geographic areas. Royalties and advertising fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Technology fees are paid on a monthly basis based upon a fixed amount. Product sale fees are paid at the time the sale occurs.

Allocating the Transaction Price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to service customers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that the agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties and advertising fees, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month.

Costs to Obtain a Franchise Agreement

The Company incurs broker commission expenses to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue, which is recognized over time. As a result, the broker commissions are capitalized as deferred broker commissions and are expensed over the term of the respective franchise agreement. As of December 31, 2024, deferred commissions equaled \$85,299. There were no deferred broker commissions as of December 31, 2023.

Income Taxes

A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

Advertising Expense

In accordance with the Company's franchise agreements, franchisees pay a percentage of monthly sales to an advertising fund to be used for advertising, marketing, and other promotional purposes. Advertising expense is charged to income during the year in which it is incurred. Advertising fund expense for the year ended December 31, 2024 and the period from April 17, 2023 (inception) to December 31, 2023 was \$1,699,888 and \$180,945, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

BCC Services Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including March 14, 2025, which is the date the financial statements were available to be issued.

Note 3 - Business Combinations

BCC Services, LLC

On April 17, 2023, the Company acquired 100 percent of the equity of BCC Services, LLC. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the hair and beauty salon industry.

The following table summarizes the fair value of the consideration transferred as part of the acquisition:

Cash - Net of purchase price adjustments	\$ 6,999,839
Noncash rollover equity - Common stock	<u>450,000</u>
Fair value of total consideration transferred	<u>\$ 7,449,839</u>

The fair value of the 450 shares of common stock issued as noncash rollover equity was based on a valuation of the Company's stock using an option-pricing model, as disclosed in Note 6.

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

Cash	\$ 62,146
Accounts receivable	60,305
Other assets	23,922
Deferred tax asset	234,337
Trade name and franchise agreements	1,676,000
Assumed operating liabilities	(106,734)
Deferred revenue	<u>(979,102)</u>
Total identifiable net assets	970,874
Goodwill	<u>6,478,965</u>
Total	<u>\$ 7,449,839</u>

The fair value of financial assets includes accounts receivable with a gross contractual value of \$60,305, all of which is expected to be collectible.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 15 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately \$1,140,000 and have been included in operating expenses on the accompanying consolidated statement of operations.

BCC Services Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 3 - Business Combinations (Continued)

Frenchies, LLC and Frenchies Revolution, LLC

On November 7, 2023, the Company acquired 100 percent of the equity of Frenchies, LLC and Frenchies Revolution, LLC. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the hair and beauty salon industry.

The following table summarizes the fair value of the consideration transferred as part of the acquisition:

Cash - Net of purchase price adjustments	\$ 3,290,606
Noncash rollover equity - Common stock	<u>600,000</u>
Fair value of total consideration transferred	<u>\$ 3,890,606</u>

The fair value of the 600 shares of common stock issued as noncash rollover equity was based on a valuation of the Company's stock using an option-pricing model, as disclosed in Note 6.

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

Cash	\$ 604,710
Accounts receivable	46,824
Inventory	38,220
Other assets	198,686
Property and equipment	26,000
Right-of-use operating lease asset	162,598
Deferred tax asset	103,764
Trade name and franchise agreements	1,068,000
Assumed operating liabilities	(354,530)
Deferred revenue	(688,973)
Operating lease liability	<u>(162,598)</u>
Total identifiable net assets	1,042,701
Goodwill	<u>2,847,905</u>
Total	<u>\$ 3,890,606</u>

The fair value of financial assets includes accounts receivable with a gross contractual value of \$46,824, all of which is expected to be collectible.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 15 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately \$730,000 and have been included in operating expenses on the accompanying consolidated statement of operations.

The Lash Franchise Holdings, LLC

On February 28, 2024, the Company acquired 100 percent of the outstanding membership interests of The Lash Franchise Holdings, LLC. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the hair and beauty salon industry.

BCC Services Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 3 - Business Combinations (Continued)

The following table summarizes the fair value of the consideration transferred as part of the acquisition:

Cash - Net of purchase price adjustments	\$ 47,032,426
Noncash rollover equity - Common stock	<u>7,700,000</u>
Fair value of total consideration transferred	<u>\$ 54,732,426</u>

The fair value of the 8,670 shares of common stock issued as noncash rollover equity was based on a valuation of the Company's stock using an option-pricing model, as disclosed in Note 6.

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

Cash	\$ 253,671
Accounts receivable	439,655
Inventory	508,614
Other assets	65,581
Property and equipment	40,002
Right-of-use operating lease asset	368,764
Deferred tax asset	268,524
Trade name and franchise agreements	32,060,000
Assumed operating liabilities	(593,117)
Deferred revenue	(5,717,729)
Operating lease liabilities	<u>(368,764)</u>
Total identifiable net assets	27,325,201
Goodwill	<u>27,407,225</u>
Total	<u>\$ 54,732,426</u>

The fair value of financial assets includes accounts receivable with a gross contractual value of \$439,655, all of which is expected to be collectible.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 15 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately \$1,900,000 and have been included in operating expenses on the accompanying consolidated statement of operations.

Note 4 - Leases

The Company is obligated under operating leases for its corporate-owned Frenchies location and corporate office space through February 2029. The right-of-use assets and related lease liabilities have been calculated using discount rates ranging from 4.15 percent to 4.61 percent. The leases require the Company to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under the leases was \$199,172 and \$13,795 for the year ended December 31, 2024 and the period from April 17, 2023 (inception) to December 31, 2023, respectively. Total cash paid under the leases was \$95,719 and \$6,099 for the year ended December 31, 2024 and the period from April 17, 2023 (inception) to December 31, 2023, respectively.

BCC Services Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 4 - Leases (Continued)

Future minimum annual commitments under the operating leases are as follows:

Years Ending December 31	Amount
2025	\$ 144,491
2026	86,903
2027	57,537
2028	38,625
2029	6,458
Total	334,014
Less amount representing interest	20,804
Present value of net minimum lease payments	313,210
Less current obligations	126,860
Long-term obligations under leases	\$ 186,350

Note 5 - Acquired Intangible Assets and Goodwill

Intangible assets and goodwill of the Company at December 31, 2024 and 2023 are summarized as follows:

	2024		2023	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets and goodwill:				
Goodwill	\$ 36,921,895	\$ 3,798,344	\$ 9,326,870	\$ 517,967
Trade names	5,209,500	340,949	1,128,000	38,465
Franchise agreements	29,612,000	1,724,484	1,616,000	51,049
Total amortized intangible assets and goodwill	\$ 71,743,395	\$ 5,863,777	\$ 12,070,870	\$ 607,481

Amortization expense for intangible assets and goodwill totaled \$5,256,296 and \$607,481 for the year ended December 31, 2024 and the period from April 17, 2023 (inception) to December 31, 2023, respectively.

Goodwill totaling approximately \$27,407,000 and \$9,327,000 was added during 2024 and 2023, respectively, as a result of the acquisitions disclosed in Note 3.

BCC Services Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 5 - Acquired Intangible Assets and Goodwill (Continued)

Estimated amortization expense for the years ending December 31 is as follows:

<u>Years Ending</u>	<u>Amount</u>
2025	\$ 6,012,456
2026	6,012,456
2027	6,012,456
2028	6,012,456
2029	6,012,456
Thereafter	<u>35,817,338</u>
Total	<u>\$ 65,879,618</u>

Note 6 - Stockholders' Equity

Common stock consists of 300,000 authorized shares of \$0.01 par value stock. As of December 31, 2024 and 2023, 82,403 and 18,445 shares, respectively, were issued and outstanding. The units authorized can be adjusted from time to time, as determined by the Company's board of directors.

Effective November 6, 2023, the Company established an equity and performance incentive plan (the "Plan"), which allows for common stock options to be granted to certain key employees. The purpose of the Plan is to attract and retain directors, consultants, officers, and other key employees for the Company and to provide to such persons incentives and rewards for superior performance. The Company issued options to purchase 4,944 and 147 shares of common stock during 2024 and 2023, respectively. The options shall become exercisable with respect to one-seventh of the option shares on each of the first seven anniversaries of the grant date. However, upon the occurrence of a change in control event, all options granted will become immediately exercisable. The value of the options as of the grant date was *de minimis*, and no compensation expense was recorded during the year ended December 31, 2024 and the period from April 17, 2023 (inception) to December 31, 2023.

Note 7 - Related Party Transactions

For the year ended December 31, 2024 and the period from April 17, 2023 (inception) to December 31, 2023, the Company paid financial and management consulting fees to equity sponsors of \$791,663 and \$486,223, respectively. These expenses are included as a component of operating expenses in the consolidated statement of operations.

Note 8 - Income Taxes

The components of the income tax provision included in the consolidated statement of operations for the year ended December 31, 2024 and the period from April 17, 2023 (inception) to December 31, 2023 are all attributable to continuing operations and are detailed as follows:

	<u>2024</u>	<u>2023</u>
Current income tax expense	\$ 46,506	\$ -
Deferred income tax recovery	(1,281,945)	(675,320)
Change in valuation reserve	2,523,981	-
Total income tax expense (recovery)	<u>\$ 1,288,542</u>	<u>\$ (675,320)</u>

BCC Services Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 8 - Income Taxes (Continued)

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes for the year ended December 31, 2024 and the period from April 17, 2023 (inception) to December 31, 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Income tax recovery, computed at 21 percent of pretax loss	\$ (1,508,642)	\$ (596,493)
Permanent differences	197,404	21,096
State income tax recovery	115,043	(99,704)
Change in valuation allowance	2,523,981	-
Other	(39,244)	(219)
	<u>\$ 1,288,542</u>	<u>\$ (675,320)</u>

The details of the net deferred tax asset at December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Total deferred tax liabilities	\$ (439,994)	\$ (74,042)
Total deferred tax assets	2,963,975	1,087,463
Valuation allowance recognized for deferred tax assets	(2,523,981)	-
	<u>\$ -</u>	<u>\$ 1,013,421</u>

UNAUDITED FINANCIALS

Profit and Loss As of November 2025

**BCC Services Holding Company
November 2025**

	Actual
Net Sales	
Franchise Sales	516.6
Ad Fund Fees	0.0
Royalties	5,709.4
Technology Fees	551.3
Product Revenue	2,730.3
Territory Fees (incl transfer fees)	7.0
Negotiated Settlement	0.0
Supplier Rebate	214.0
Giftcard Breakage	0.0
Activation	0.0
Other Revenue	134.5
Company Store - Retail Revenue	0.0
Company Store - Service Revenue	0.0
Discounts	(0.2)
Total Net Sales	9,862.8

COST OF SALES:

Activation cost	0.0
Supplier rebate to franchisee	5.7
Franchise development marketing expense	0.0
Product COS	1,516.9
Other COS	216.5
Company Store COS - Supplies	0.0
Company Store COS - Retail	0.0
Company Store COS - Wages & Taxes	0.0
Physical gift card discount	0.0
Total COGS	1,739.0

Gross Profit	8,123.8
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OPERATING EXPENSES:

Sales and Marketing	
Public Relations	0.0
Social Media	152.7
People Cost Alloc	996.4
Google Ads Mgmt	4.4

Marketing Subs	518.2
Campaigns	0.0
Creative fund expense	(2,009.8)
Other Brand Marketing	338.3
Technology Costs	559.3
Company Store - Advertising & Marketing	0.0
Commission	85.0
Fran Dev: marketing expense	220.6
Fran Dev: broker expense	542.4
Fran Dev: other	381.9
Total Sales and Marketing	<u>1,789.4</u>

General and Administrative	
Payroll - Salaries & Wages	2,551.9
Payroll - bonus	487.1
Payroll - Taxes and Benefits	254.5
Payroll - Taxes	211.2
Payroll - Fees	47.9
Payroll - Workers Comp	9.6
Professional Fees	252.2
Telephone Expense	0.1
Third Party Expenses	5.0
Meals & Entertainment	8.8
Bank Service Charges	0.0
Shipping and Postage	0.0
Technology Expense	182.4
Insurance	47.9
T&E	201.3
Merchant Fees	67.3
Gift Cards	0.0
Other	(28.8)
Office Expenses	45.7
Rent	155.0
Repairs & Maintenance	0.0
Office Supplies	0.0
Sales Tax	0.0
Automobile expense	0.0
Bad debts	73.7
Franchise Expenses	0.0
Company Stores - Royalty and Ad Fund Fees	0.0
Hq management fee	0.0

Total General and Administrative	<u>4,572.6</u>
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Total Operating Expenses	<u>6,367.0</u>
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% Rev	65%
Investor EBITDA	1,756.8
Depreciation / Amortization	
Depreciation Expense	40.3
Amortization Expense	5,538.4
Total Depreciation / Amortization	5,578.7
Investor EBIT	(3,821.9)
OTHER EXPENSE:	
Interest Expense	
Interest	(0.4)
Total Interest Expense	(0.4)
Other Income / (Expense)	
Other Income/Expense	238.5
One Time Other Inc/(Exp) Adjustments	893.8
Accounting Other Inc/(Exp) Adjustments	(285.7)
Total Other Income / (Expense)	846.6
Total Investor Other Expense	846.2
EBT	(4,668.1)
Taxes	26.3
Investor Net Income	(4,694.4)
Investor EBITDA	1,756.803
Adjustments	
Total Net Sales Adjustments	2,463.2
Total COGS Adjustments	(50.8)
Total Sales & Marketing Adjustments	(1,744.8)
Total Product Development Adjustments	0.0
Total G&A Adjustments	(1,432.9)
Unadjusted EBITDA	991.5

Balance Sheet

**BCC Services Holding Company
November 2025**

Year	2025
Month	Nov-25
Quarter	Q425
Actual/Budget/Forecast	<u>Actual</u>
ASSETS:	
Current Assets	
Cash	4,391,427
Accounts Receivable (A/R)	720,748
Prepaid Expenses	240,686
Inventory	742,323
Other Current Assets	695,162
Total Current Assets	<u>6,790,346.3</u>
Long-Term Assets	
Fixed Asset	137,103
Accumulated Depreciation	(51,642)
Net Fixed Assets	85,461
Other Long Term Assets	794,061
Capitalized Software	8,500
Franchise Agreements	29,354,462
Trade Name	1,945,401
Goodwill	29,714,430
Total Long-Term Assets	<u>61,902,315.2</u>
Total GAAP Assets	68,692,661.5
LIABILITIES AND EQUITY:	
Current Liabilities	
Accounts Payable (A/P)	426,482
Accrued Expenses	877,435
Gift Card Liabilities	33,662
Deferred Revenue - Current	4,598,991
Other Current Liabilities	868,524
Total Current Liabilities	<u>6,805,095.4</u>
	6,378,613.21
Long Term Debt	
Total Long Term Debt	<u>0.0</u>
Other L/T Liabilities	

Other L/T Liabilities	37,851
Deferred Revenue - Long Term	1,294,351
Total Other L/T Liabilities	<u>1,332,201.1</u>
Total Liabilities	<u>8,137,296.5</u>
Shareholders' Equity	
Equity	75,645,000
Retained Earnings	(14,664,114)
Net Income	<u>(425,521)</u>
Total Shareholders' Equity	<u>60,555,365.0</u>
Total Liabilities and Shareholders' Equity	68,692,661.5

Statement of Cash Flows

BCC Services Holding Company
November 2025

Year	2025
Month	Nov-25
Quarter	Year To Date
Actual/Budget/Forecast	<hr/>
Net Income	(4,694,409.60)
Plus: Other Income/Expense (NON CASH)	(4,496,165.96)
Plus: Depr. & Amort.	5,578,687.15
Operating Cash (before changes in working Capital)	(3,611,888.41)
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities:	
Changes in assets and liabilities	
<u>(Increase) decrease in assets:</u>	
Receivables	(64,825)
Prepaid Expenses	36,304
Inventory	(276,699)
Other Current Assets	(77,283)
Other Long Term Assets	4,007,061
<u>Increase (decrease) in liabilities:</u>	
Accounts payable	220,974
Accrued Expenses	(24,522)
Gift Card Liabilities	(1,451)
Other Current Liabilities	(527,437)
Other Long Term Liabilities	25,976
Cash provided by (used) operating activities	(293,791)

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures	(82,653)
Other Changes in Fixed Assets	-
Acquisitions	<u>(1,000,000)</u>
Cash provided (used) by investing activities	(1,082,653)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	
(Payments) Borrowing - Senior Term A	-
(Payments) Borrowing - Senior Term B	-
Current Portion of Long Term Debt	-
(Payments) Borrowing	-
(Payments) Borrowing	-
(Payments) Borrowing	-
Acquisition Impact	-
Consolidated Elimination	141,679
Retained Earnings Adjustment	400,000
Distributions	-
Cash provided (used) by financing activities	541,679
NET INCREASE (DECREASE) IN CASH	(834,765)
CASH AT BEGINNING OF PERIOD	5,226,192
CASH AT END OF PERIOD	<u><u>4,391,427</u></u>

GUARANTEE OF PERFORMANCE

For value received, BCC Services Holding Company, a Delaware corporation (the "Guarantor"), located at 550 Reserve Street, Suite 380, Southlake, Texas 76092, absolutely and unconditionally guarantees to assume the duties and obligations of Crown Extension Bar, LLC, located at 550 Reserve Street, Suite 380, Southlake, Texas 76092 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations, and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Ann Arbor, MI on the 12th day of December 2025

Guarantor:
BCC Services Holding Company

By: 

Meg Roberts, CEO

EXHIBIT G

LIST OF CURRENT AND FORMER FRANCHISEES

LIST OF CURRENT FRANCHISEES

As of December 31, 2024

Franchisees with Outlets Open

Name	Street Address	City	State	Zip Code	Center Phone
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NA

LIST OF FORMER FRANCHISEES

As of December 31, 2024

The following are franchisees who have been terminated, canceled, not renewed, or have otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the date of issuance of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Owner	City	State	Mobile
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NA

**Ceased operations*

*** Terminated*

****Transferred*

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT H
**LIST OF STATE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS**

LIST OF STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov
HAWAII	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington St., Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Department of Attorney General Consumer Protection Division Franchising Unit 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 373-1837
MINNESOTA	Minnesota Department of Commerce 85 Seventh Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21 st Fl New York, New York 10005 (212) 416-8222
NORTH DAKOTA	North Dakota Insurance & Securities Department 600 East Blvd. Avenue Bismarck, North Dakota 58505 (701) 328-2910

STATE	STATE ADMINISTRATOR
RHODE ISLAND	Securities Division Department of Business Regulation 1511 Pontiac Avenue, Building 69-1 Cranston, Rhode Island 02920 (401) 462-9585
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S. Euclid, 2 nd Floor Pierre SD 57501 (605) 773-3563
TEXAS	Statutory Document Section Secretary of State P.O. Box 12887 Austin, Texas 78711
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, Virginia 23219 (804) 371-9051
WASHINGTON	Washington Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98507 (360) 902-8760
WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4 th Floor Madison, Wisconsin 53703 (608) 266-3364

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

STATE	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (866) 275-2677 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov
ILLINOIS	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
INDIANA	Indiana Secretary of State 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204
MICHIGAN	Michigan Department of Labor & Economic Growth Commercial Services & Corporations Bureau 611 West Ottawa Street Lansing, Michigan 48909
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MINNESOTA	Minnesota Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
NEW YORK	Secretary of State of the State of New York One Commerce Plaza 99 Washington Avenue Albany, New York 11231
RHODE ISLAND	Director of Business Regulation Division of Banking and Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048
TEXAS	Anna Phillips 7300 Vanguard Court Colleyville, Texas 76034
VIRGINIA	Clerk, State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 1 st Floor Richmond, Virginia 23219

STATE	AGENT FOR SERVICE OF PROCESS
WASHINGTON	Washington Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater WA 98501
WISCONSIN	Wisconsin Commissioner of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703

EXHIBIT I

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	January 14, 2026
Illinois	<i>Pending</i>
Indiana	December 12, 2025
Maryland	<i>Pending</i>
Michigan	<i>Pending</i>
Minnesota	<i>Pending</i>
New York	<i>Pending</i>
North Dakota	<i>Pending</i>
South Dakota	December 12 ,2025
Rhode Island	December 12, 2025
Virginia	<i>Pending</i>
Washington	<i>Pending</i>
Wisconsin	December 11, 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.

EXHIBIT J
RECEIPTS

Receipt

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 Crown Extension Bar, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

Applicable state laws in (a) Michigan requires us to provide you the disclosure document at least 10 business 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 and (b) New York and Rhode Island require us to provide you the disclosure document at the earlier of the first personal meeting or 10 business 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.

If Crown Extension Bar, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit H to this disclosure document). Crown Extension Bar, LLC authorizes the respective state agencies identified on Exhibit H to receive service of process for it in the particular state.

The franchisor is Crown Extension Bar, LLC, 550 Reserve St. Suite 380, Southlake, TX, 76092; (734) 678-1224.

Issuance Date: December 11, 2025

The franchise seller for this offering is:

Name	Principal Business Address	Telephone Number
Meg Roberts	550 Reserve St. Suite 380, Southlake, TX, 76092	734-678-1224
Kristin Kidd	550 Reserve St. Suite 380, Southlake, TX, 76092	214-803-9434
Patti Rother	550 Reserve St. Suite 380, Southlake, TX, 76092	720-323-9371
Haley Hall	8012 Radcliff Dr Colorado Springs, CO	318-230-4997
Jonathan Thiessen	5 Cherry Hills Dr., Coto de, Caza, CA 92679	949-306-4789

I received a Disclosure Document with an issuance date of December 11, 2025. State registration effective dates are listed on the State Registrations page contained in the Disclosure Document. The Disclosure Document included the following Exhibits:

- Exhibit A – State Specific Appendix
- Exhibit B – Franchise Agreement and all Attachments
- Exhibit C – Development Agreement
- Exhibit D – General Release (Sample Form Only)
- Exhibit E – Table of Contents of Confidential Operations Manual
- Exhibit F – Financial Statements
- Exhibit G – List of Current and Former Franchisees
- Exhibit H – List of State Administrators and Agents for Service of Process
- Exhibit I – State Effective Dates
- Exhibit J – Receipts

Dated: _____

Dated: _____

Printed Name

Printed name

Signed, individually and as an officer of
 _____ (a Corporation)
 _____ (a Partnership)
 _____ (a Limited Liability Company)

Signed, individually and as an officer of
 _____ (a Corporation)
 _____ (a Partnership)
 _____ (a Limited Liability Company)

[KEEP THIS PAGE FOR YOUR RECORDS]

Receipt

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- Exhibit I – State Effective Dates
- Exhibit J – Receipts

Dated: _____

Dated: _____

Printed Name

Printed name

Signed individually and as an officer of
_____(a Corporation)
_____(a Partnership)
_____(a Limited Liability Company)

Signed, individually and as an officer of
_____(a Corporation)
_____(a Partnership)
_____(a Limited Liability Company)

**Please return this completed form to Crown Extension Bar, LLC by
E-mail: franchise@deltacrown.com ; or Regular Mail: 550 Reserve St. Suite 380, Southlake, TX, 76092.**