

FRANCHISE DISCLOSURE DOCUMENT



SWEET & SASSY FRANCHISING, LLC
a Texas limited liability company
d/b/a Sweet & Sassy
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You will operate a children's salon, retail and party business catering to children between the ages of three and twelve under the name SWEET & SASSY. We offer you a choice of three types of locations; (a) Standard Store, (b) Satellite Store, and (c) Destination Store. Each type is operated from a retail commercial facility, and each includes various salon and spa services offering haircuts, styling, up-dos, mini-manicures, mini-pedicures, and ear-piercing, as well as party services which include themed celebrations.

The total investment necessary to begin operation of a SWEET & SASSY Standard Store franchise ranges from \$444,000 to \$564,000. The total investment necessary to begin operation of a SWEET & SASSY Satellite Store franchise ranges from \$322,360 to \$381,360. The total investment necessary to begin operation of a SWEET & SASSY Destination Store franchise ranges from \$278,560 to \$343,360. This includes the \$61,500 to \$64,500 that must be paid to the franchisor or affiliate regardless of type.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Stephanie Simons, 4008 Gateway Drive, Ste. 120, Colleyville, Texas 76034, telephone 817-778-4180, franchising@sweetandsassy.com.

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

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

Date of Issuance: April 5, 2024

How To Use this Franchise Disclosure Document

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 D and Exhibit E.
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 Sweet & Sassy business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Sweet & Sassy franchisee?	Item 20 or Exhibit D and Exhibit E 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 laws, that require franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise 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.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, the term “we” means Sweet & Sassy Franchising, LLC, the franchisor. The term “you” means the person buying the franchise, the franchisee. If you are a corporation, partnership, limited liability company, or other business entity, the term “you” does not include your principals unless otherwise stated. As used in this disclosure document, the term “principal” means your owners, if you are a corporation, partnership, limited liability company or other business entity; or if any owner is, itself, a partnership or other entity, then the term “owner” includes each individual or entity holding a beneficial ownership in the partnership or entity; the intent being that the term “owner” is intended to include all individuals holding a beneficial interest in the franchisee, either directly or indirectly.

The Franchisor and any Parents, Predecessors and Affiliates

We initially were formed as a Texas corporation on May 10, 2005, and, on January 1, 2007, we converted to a limited liability company. We do business only under our corporate name and the name “SWEET & SASSY”. Our principal business address is 4008 Gateway Drive, Ste. 120, Colleyville, Texas 76034. We have no parent company or predecessor. Our agents for service of process are reflected on Exhibit A.

We have been offering franchises of the type described in this disclosure document since October 2005, and have never offered franchises in any other line of business. We have never operated a business of the type described in this disclosure document, however, our affiliate, Sweet & Sassy IP, LLC (“S&S IP”) has operated a similar business since July 1, 2004. S&S IP was formed on June 27, 2006, and shares our principal business address. S&S IP owns all of the SWEET & SASSY intellectual property, including all trademarks, copyrights, and proprietary information, and in June 2011, it granted us a license to use the intellectual property and to sublicense its use to our franchisees. S&S IP has never offered franchises in any line of business.

Our affiliate, Sweet & Sassy Packaging Corporation (“Packaging”) sells certain SWEET & SASSY branded products to our franchisees and currently, Packaging is the only approved supplier of such products. Packaging was formed on January 16, 2017, and shares our principal business address. Packaging has never offered franchises in any line of business.

The Franchise Offered

SWEET & SASSY businesses are designed to appeal to the interests of five to 12-year-old children. They offer a combination of retail store services (featuring clothing, accessories, and bath and beauty products), salon services (including haircuts, styling, mini-manicures and mini-pedicures), and themed party services.

We franchise the right to operate a SWEET & SASSY store (“Store”) according to the terms and conditions of our standard franchise agreement (“Franchise Agreement”) (see Exhibit B). If we approve your franchise application, you will operate the Store under the name “SWEET & SASSY” and/or other proprietary trade names, service marks, trademarks, logos, emblems, and indicia of origin that we designate (collectively, our “Marks”) using our proprietary business format and system (our “System”). We call this the “Franchised Business.”

You will operate one of three types of Stores: a standard Store (“Standard”), which is at least 1,900 square feet and offers all SWEET & SASSY services; a satellite Store (“Satellite”), which is 1,400 to 1,600 square feet, and is usually located in a smaller suburban or rural community and offers all SWEET & SASSY services; or a Store located in a tourist or high-traffic area (“Destination”) such as beach communities, boardwalks, entertainment or amusement parks, and other areas which may attract seasonal customers which is between 600 and 800 square feet. Destination Stores have a different floor plan than Traditional Stores, and do not include the salon portion of the store called the Snip Snap Station.

Our System includes distinctive space plan, layout, décor and color scheme; image; graphics; merchandising scheme; relationships with youth organizations; supplier and vendor relationships; salon

services and spa packages; operation and customer service standards and procedures; training programs; policies regarding personnel, accounting and financial performance; advertising and marketing programs and information technology; and other standards, specifications, techniques and procedures that we designate for operating and managing a SWEET & SASSY Store, all of which we may change, delete, improve, and further develop (collectively, our "Standards").

Market and Competition

SWEET & SASSY businesses are designed to appeal to the interests of five to 12-year-old children. You will be competing with other businesses that offer children's salon services and retail services. The market for such services is continuing to develop in most areas and becoming more competitive, and is typically not seasonal.

While Standard and Satellite Stores may not experience seasonal demands, Destination Stores may experience peaks and valleys depending on the seasonal nature of the areas in which they are located. For example, Destination Stores located in beach towns may experience an increase in demand during summer months, while Destination Stores located in ski towns may experience higher demand during the winter months.

Industry Specific Regulations

You must obtain the appropriate salon, cosmetology, or barber's license from the proper licensing agencies, and must hire licensed cosmetology professionals for some services offered. You also must comply with all laws relating to the operations of businesses generally. These include local, state, and federal laws including health, sanitation, no smoking, EEOC, OSHA, employment laws (including wage and hours requirements, anti-discrimination laws and laws prohibiting sexual harassment), environmental laws, and tax laws (including those requiring payment of payroll taxes). The Americans with Disabilities Act of 1990 ("ADA") requires readily accessible accommodations for people with disabilities and may affect the building construction, site design, entrance ramps, doors, bathrooms, etc. Your state and city may have additional public accommodation requirements to which your Store must comply.

The payment card industry ("PCI") Data Security Standard is the current standard of security requirements for all merchants or service providers that store, process, or transmit cardholder data. You are responsible for PCI Data Security Standard compliance as well as any federal, state, and local laws, regulations, and ordinances related to privacy matters, including data and personally identifiable information.

You must follow local and state laws, orders, and ordinances, especially essential worker or mask requirements to address pandemic concerns. Further, you may want to consider relevant guidance issued by federal agencies such as the Center for Disease Control and Occupational Safety and Health Administration for the safety of your customers and employees.

You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2 **BUSINESS EXPERIENCE**

President and Chief Executive Officer: Dawn Dixie Clarke

Ms. Clarke has served as our President and Chief Executive Officer since May 2005. Ms. Clarke has also served as the Director of our affiliate, Sweet & Sassy Packaging, in Colleyville, Texas, since January 2017. Ms. Clarke has also served as the Managing Member and Chief Executive Officer of our affiliate, S&S IP, in Colleyville, Texas, since June 2006.

Chief Operating Officer: Stephanie Simons

Ms. Simons has served as our Chief Operating Officer since September, 2018. She served as our Director of Franchise Growth from November 2014 to August, 2018. She served as Sr. Franchise Growth Consultant for Sylvan Learning Center in Baltimore, Maryland from September 2010 until October 2014.

ITEM 3 LITIGATION

Concluded Litigation:

Sweet & Sassy Franchising, LLC v. Kimberly Farmer, (Case Number 20 CV 060276 in the Common Pleas Court of Delaware County, Ohio). On June 25, 2020, we sought a temporary restraining order and preliminary injunction against our former franchisee, Kimberly Farmer (“Farmer”), in Ohio state court, for operating a competing salon offering the same or similar services as her former SWEET & SASSY franchised business, in violation of the post-termination covenants in her franchise agreement. In November 2020, parties settled the dispute in which Ms. Farmer permanently closed and ceased operating the competitive business and the assets were sold to a third-party. The salon was re-opened as a franchised business by a non-party franchisee. Ms. Farmer is no longer involved in the S&S system.

Sweet & Sassy Franchising, LLC v. Mommy, Me & More, Inc., et al., (Case Number 153-291187-17 in the 153rd Judicial District of Tarrant County, Texas). On March 23, 2017, we sued our former franchisee, Mommy, Me & More, Inc. (“MMM”), Stephanie S. Diaz and Edward Diaz in Texas State court, for breach of contract, violations of the Texas Uniform Trade Secrets Act, common law unfair competition, unjust enrichment, and a permanent injunction against the operation of a competitive business. Upon the expiration of the franchise agreement, defendants immediately began operating a competitive business in the same retail shopping center formerly occupied by MMM’s Sweet & Sassy Salon while continuing to use Sweet & Sassy’s proprietary System and trade on its goodwill. On November 29, 2018, the Court granted our motion for summary judgment awarding us \$80,291.43 in damages plus pre and post judgment interest. The Court also granted our permanent injunction prohibiting the defendants from operating any business that utilizes our system, confidential, proprietary, and trade secret information within a 5-mile radius from their location, or any other of our locations for a period of 5 years.

Other than the matters above, there is no litigation required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You will pay us an initial franchise fee of \$49,500 when you sign the Franchise Agreement (the “Initial Franchise Fee”). The Initial Franchise Fee is uniform for all franchisees, and is non-refundable upon payment.

Veterans of the U.S. Armed Forces are eligible to receive a \$18,000 (40% of Initial Franchise Fee) discount on their Initial Franchise Fee for the first franchise awarded. To qualify for the discount, the veteran must own at least a 50% interest in the franchise. “Veteran” means a recipient of an honorable discharge as evidenced by the U.S. Department of Defense. It is the veteran’s responsibility to send us the required documents in order to obtain the discount.

Initial Inventory and Supplies

When you sign the Franchise Agreement, you will pay us \$12,000 to \$15,000 for proprietary equipment and supplies. This fee includes marketing collateral, salon and spa supplies, retail display stands and other retail products. This fee is uniform for all franchisees, fully earned and non-refundable upon receipt.

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DATE DUE	REMARKS
Royalty Fee	6% of Gross Sales of the Franchised Business	The business day immediately following the 15 th day and the last day of each month.	See Note 1 for the definition of "Gross Sales"
Brand Protection Reimbursement	Actual fees and costs plus legal fees	Upon Demand	If your action harms the good will associated with our Marks, System, and Brand, you will reimburse us of our actual fees and costs including reasonable attorney fees and court costs. We may at our discretion hire third party vendor including, but not limited to a public relations firm to reinstate and regain the goodwill associated with the SWEET & SASSY System and you must reimburse us of our costs associated with any such third party upon our request.
Brand Development Fee	\$450 a month, up to 10% increase every year upon written notice	Within five days of each weekly accounting period	See Item 11 for more information about the Brand Development Fee
Technology Fee	Currently \$120 per month, but subject to increase, not to exceed 15% from prior year.		Upon 30-day notice from us this fee will automatically increase each calendar year by an amount not to exceed 15% of the prior year's fee. The Technology Fee provides you access and license for training, 5 e-mail addresses per Store under our Sweetandsassy.com domain, one Store specific landing page on our website, and other technology franchisor may decide to include.

TYPE OF FEE	AMOUNT	DATE DUE	REMARKS
Minimum Local Advertising Expenditure	Currently \$2,500 per month plus 1% of Gross Sales per month	Monthly	See Note 2
Area Cooperative Contribution	An amount determined by the Area Cooperative's members	As determined by the Area Cooperative and approved by us	See Item 11 for more information about our right to form advertising cooperatives
Operating Assistance/ Additional Training (3)	Our then current rates; currently, \$300 per person per day, plus travel, lodging and meal expenses	Upon demand	Payable only if you request additional training or assistance
On-Site Training Cancellation Fee	Our then-current on-site training cancellation fee	Upon demand	May vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.
Audit Expenses	Cost of audit, plus travel, lodging and meal expenses	Upon demand	Payable only if under payment is greater than 2% of reported amounts or you refuse to cooperate with the auditor by re-scheduling or denying access
Successor Fee	\$5,000	Upon signing of successor franchise agreement	Payable only after initial five-year and 1 st five-year successor terms have expired and you wish to enter into a 2 nd five-year successor franchise agreement
Transfer Fee	50% of the then current initial franchise fee per Store	At the time that transferee executes the franchise agreement in effect for the transfer or sale of existing Store(s)	

TYPE OF FEE	AMOUNT	DATE DUE	REMARKS
Supplier Inspection and Testing	Our actual testing or inspection costs, plus reimbursement of our related travel, lodging, and salary costs for the individual(s) performing the evaluation	As incurred	Before approving a supplier or vendor we may require you to pay the cost of testing the supplier's products and inspecting its facilities, including reimbursement of travel and lodging accommodations and salary expense for individuals performing the evaluation.
Costs and Attorney's Fees	Will vary under circumstances	As incurred	Payable if incurred by us in obtaining injunctive relief for the enforcement of any item of the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You have to reimburse us if we are held liable for any claims from your Franchised Business
Late Fee and Interest	\$100 per day, plus interest (4)	Upon demand	Payable on all overdue amounts. Interest begin from the date of non-payment
Administrative Enforcement Fee	\$500 per enforcement effort (i.e., written or verbal notification and follow up), plus the cost of enforcing compliance	Upon demand	We may assess an administrative fee to compensate us for our time and expenses related to your non-compliance.
Default Fee	\$1,500 per event of default, plus the cost of re-inspections and the costs of enforcing compliance	Within 3 days of our demand.	Applies if you are in default under this Agreement.
Customer Rewards, and Gift Cards	Currently not implemented by us but may be implemented in future	As invoiced	Fees for access management of customer rewards, and/or gift card system and redemption.

TYPE OF FEE	AMOUNT	DATE DUE	REMARKS
Step-In Rights	Not to exceed 10% of Gross Revenues plus travel and lodging expenses for our personnel	On demand	Payable only if we manage the Store on your behalf.
Holdover Fees	150% of Royalty Fees	On demand	Payable if you continue to operate the Salon after expiration of the franchise agreement without renewal.

Notes:

(1) The term "Gross Sales" means the aggregate of all of your sales and other income from whatever source, whether or not collected by you and whether it is in the form of check, cash, credit or otherwise, arising out of, concerning or relating to your Franchised Business including, without limit, (a) income from the sale of any products or other items; (b) income from any services provided; and (c) all proceeds from any business interruption insurance, but excluding (i) all refunds and discounts made in good faith to a customer; (ii) any sales, goods and services and equivalents taxes which are collected by Franchisee for any governmental or other public body and actually remitted to such body; and (iii) the value of any coupon, voucher or other allowance authorized by us and issued or granted to customers of the Franchised Business which is received or credited by you in full or partial satisfaction of the price of any product or service offered concerning the Franchised Business. Gross Sales also includes barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier or customer will be valued at the full retail value of the memberships bartered in exchange for the good or services provided to you. Gross Sales also includes the proceeds of any business interruption insurance paid to you. Gross Sales also includes any payments you receive from vendors. Chargebacks are not deducted from Gross Sales.

(2) You must spend \$2,500 plus an amount equal to 1% of Gross Sales on local advertising in the manner and for the purposes we direct. We have the right to increase this flat fee on January 1 of each year at our sole discretion. The additional 1% of Gross Sales must be spent on certain approved types of local advertising. See Item 11 for more information about local advertising expenditures.

(3) Should you require additional training in order to operate your Franchised Business properly, you will pay expenses associated with yours or our travel as well as lodging and living expenses associated with that training in addition to the trainer's daily fee, currently set at \$300 per trainer per day.

(4) The amount payable will bear interest from the date it became due through the date of payment at the lesser of (a) 5% in excess of the prime commercial rate of interest reported in the Wall Street Journal (Southwestern edition), adjustable daily, or (b) the highest lawful rate of interest permitted by applicable state and federal law.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT
STANDARD STORE

TYPE OF EXPENDITURE (12)	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (1)	\$49,500	Lump Sum	Upon Signing of Franchise Agreement	Us
Real Estate and Improvements (2)	\$282,000 to \$360,000	As Incurred	As Agreed	Landlord, contractors and suppliers
Design and Architecture	\$18,000 to \$20,000	As Incurred	As Agreed	Third-party suppliers
Rent (three months) and Security Deposit	\$18,000 to \$22,000	As Incurred	As Agreed	Landlord and insurance provider
Operating Supplies (4)	\$16,000 to \$22,000	As Incurred	As Agreed	Approved Outside Suppliers
Electronics and POS System	\$5,000 to \$8,000	As Incurred	As Agreed	Us or Approved Outside Suppliers
Initial Inventory (5)	\$12,000 to \$25,000	As Incurred	As Agreed	Us or Approved Suppliers
Grand Opening Expense (6)	\$4,000 to \$6,000	As Incurred	As Agreed with Suppliers and Advertising Agency or Media	Advertising Agency or Media
Insurance (7)	\$1,500 to \$2,500	As Incurred	As Agreed	Insurance

TYPE OF EXPENDITURE (12)	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Vehicle (8)	\$0 to \$10,000	As Incurred	As Agreed	Approved Suppliers
Initial Training Costs (9)	\$3,000 to \$4,000	As Incurred	As Agreed	Airlines, hotels, and restaurants
Additional Funds (three months) (10)	\$35,000	As Incurred	As Agreed	Varies
TOTAL (11) (12)	\$444,000 to \$564,000			

YOUR ESTIMATED INITIAL INVESTMENT
SATELLITE STORE

TYPE OF EXPENDITURE (12)	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (1)	\$49,500	Lump Sum	Upon Signing of Franchise Agreement	Us
Real Estate and Improvements (2)	\$190,000 to \$225,000	As Incurred	As Agreed	Landlord, contractors and suppliers
Design and Architecture	\$18,000 to \$22,000	As Incurred	As Agreed	Third-party suppliers
Rent (three months) and Security Deposit	\$12,000 to \$18,000	As Incurred	As Agreed	Landlord and insurance provider
Operating Supplies (4)	\$11,000 to \$14,000	As Incurred	As Agreed	Approved Outside Suppliers

TYPE OF EXPENDITURE (12)	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Electronics and POS System	\$5,000 to \$7,000	As Incurred	As Agreed	Us or Approved Outside Suppliers
Initial Inventory (5)	\$10,000 to \$15,000	As Incurred	As Agreed	Approved Suppliers
Grand Opening Expense (6)	\$3,000 to \$5,000	As Incurred	As Agreed with Suppliers and Advertising Agency or Media	Advertising Agency or Media
Insurance (7)	\$500-\$1500	As Incurred	As Agreed	Insurance
Initial Training Costs (9)	\$3,000 to \$4,000	As Incurred	As Agreed	Airlines, hotels, and restaurants
Additional Funds (three months) (10)	\$20,360	As Incurred	As Agreed	Varies
TOTAL (11) (12)	\$322,360 to \$381,360			

YOUR ESTIMATED INITIAL INVESTMENT
DESTINATION STORE

TYPE OF EXPENDITURE (12)	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (1)	\$49,500	Lump Sum	Upon Signing of Franchise Agreement	Us
Real Estate and Improvements (2)	\$150,000 to \$185,000	As Incurred	As Agreed	Landlord, contractors and suppliers

TYPE OF EXPENDITURE (12)	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Design and Architecture	\$18,000 to \$22,000	As Incurred	As Agreed	Third-party suppliers
Rent (three months) and Security Deposit	\$12,000-\$18,000	As Incurred	As Agreed	Landlord and insurance provider
Operating Supplies (4)	\$11,000 to \$14,000	As Incurred	As Agreed	Approved Outside Suppliers
Electronics and POS System	\$5,000 to \$7,000	As Incurred	As Agreed	Us or Approved Outside Suppliers
Initial Inventory (5)	\$8,000-\$12,000	As Incurred	As Agreed	Approved Suppliers
Grand Opening Expense (6)	\$3,000 to \$6,000	As Incurred	As Agreed with Suppliers and Advertising Agency or Media	Advertising Agency or Media
Insurance (7)	\$500 to \$1,500	As Incurred	As Agreed	Insurance
Initial Training Costs (9)	\$1,200 to \$3,000	As Incurred	As Agreed	Airlines, hotels, and restaurants
Additional Funds (three months) (10)	\$20,360 to \$25,360	As Incurred	As Agreed	Varies
TOTAL (11) (12)	\$278,560 to \$343,360			

Notes:

(1) See Item 5 for more information about the initial franchise fee. We do not offer direct or indirect financing of your initial investment. See Item 10 for more information.

(2) We anticipate that you will operate the Franchised Business from a leased commercial space. If you choose to purchase a site, your initial costs will be significantly higher. Typically:

(a) a Standard Store consists of at least 1,900 square feet and includes all SWEET & SASSY services (Sassy Shoppe, Sparkle Studio, Pampered Place, Snip Snap Station, and Glam Central and Runway) and a dedicated retail area. A Standard Store will typically offer four haircutting stations, 8 pedicure stations, a full-size makeover and party area, a non-party makeover area, an ear-piercing area, and a retail space. The location is generally located in suburban and urban areas in retail centers, indoor and/or outdoor malls, strip centers with a strong anchor, lifestyle centers, and other commercial centers near residential areas. We may approve Standard Store sites that are smaller in our sole discretion.

(b) a Satellite Store consists of at least 1,400 to 1,600 square feet and includes the same featured services as a Standard Store. It is generally located in smaller suburban or rural community with fewer target market consumers with an age group between three and 10 years old. The location is generally located in lifestyle centers, strip centers with a strong anchor, outdoor malls with competitive rental agreements, other commercial centers near residential areas. Satellite Stores typically have a smaller overall footprint with fewer stations for each salon service, and lower monthly rent than Standard Stores; and

(c) a Destination Store is between 600 and 800 square feet and does not provide the party area (Glam Central and Runway) or salon services (the Snip Snap Station), and have fewer stations for each type of salon service. It is located specifically in high tourist, high foot-traffic destinations, such as beach front communities, ski resorts, or other tourist markets, that draw from consumers who seek to provide unique fun experiences for their children while vacationing or sightseeing, and have disposable income. Destination Stores may be located in retail centers, malls, and other commercial centers, as well as high-occupancy hotels or tourist compounds.

The location will need remodeling both inside and out and must be brought up to our current standards. These costs will vary, depending on how much the landlord allocates to you as a tenant improvement allowance. We estimate landlord allocations to range from \$20,000 to \$100,000, however the above anticipated construction costs do not deduct for such allowance as not all landlords will make this concession.

Depending on the local permitting requirements applicable to the site, the high end assumes you will be required to enlist union labor for the construction project and includes this cost. The location must be accepted by us, in writing, and for construction or improvements our approved architect and general contractor must be used and all designs are to be approved in writing by us. You must also use the general contractor designated and approved by us.

(3) This line item is for the furniture, fixtures and equipment including exterior and interior signs, barber chairs, barber stations, equipment, memorabilia, supplies, costumes, decor, pedicure pit, manicure stations, retail display, photo printers, etc.

(4) This line item is for memorabilia, costumes, décor, retail merchandise, and print materials, and office supplies.

(5) We estimate that the Initial Inventory will cost approximately \$14,000 to \$24,000. When you sign the Franchise Agreement, you will pay us \$12,000 to \$15,000 for proprietary equipment and supplies. This amount may vary in relation to the initial volume and square footage of each Store. In most instances this amount is nonrefundable, but some items may be returnable.

(6) Within the 90-day period after opening, you must spend the minimum amount per your Store type to promote the grand opening of your Store that includes at least one full day Grand Opening. You must

submit the grand opening advertising budget to us for our approval at least 60 days before any expenses are incurred.

(7) This estimate represents three months of payments on your annual insurance premiums, which are approximately \$2,500. Insurance costs will vary depending on such factors as the number of vehicles to be insured, your driving record (or your employees' driving records), the insurer you choose, your location and other factors bearing on risk expense practices which apply to your locality. You may also incur expenses for worker's compensation insurance depending upon your locality.

(8) Currently we do not require you to have a vehicle, however if we do, within 60 days of our notice, you must acquire a vehicle that meets our specifications. You may choose to lease a vehicle to transport customers to and from your Store. If you choose to lease a vehicle it must meet our specifications and guidelines of operation as we may designate from time to time. The leased vehicle must reflect the Marks and Trade Dress in the manner we specify. The range reflects the estimated down payment of a five-year lease arrangement of a new vehicle and If you choose to purchase the vehicle, your cost may be significantly higher than what is reflected in the chart above.

(9) The figures in the chart represent the estimated out-of-pocket costs (including travel to and from the training site, one double-occupancy hotel room, and dining expenses) for two individuals to attend training. These figures do not include travel expenses to the Colleyville, Texas area.

(10) We estimate you will need additional monies on hand during the initial phase of business operations. We estimate that the initial phase will last approximately three to six months. These figures include costs related to applicable licenses, permits, dues for Better Business Bureau and Chamber of Commerce memberships, uniforms, janitorial needs, and the first three monthly payments of \$2,500 for local advertising. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Franchised Business. This estimate also includes the Technology Fee in the amount of \$120 per month for first three months of operation Your costs will depend on factors such as: how well you follow our methods and procedures, management skills, experience, dedication, business acumen, local economic conditions, the local competitive landscape, the prevailing wage rate, and the sales level reached during the initial period.

(11) You should review these figures carefully with a business advisor before making any decision to purchase the franchise. The availability and terms of financing will depend on factors such as the availability of financing, generally, your creditworthiness, collateral you may have and lending policies of financial institutions. The estimate does not include finance charges, interest or debt service obligation or your living expenses. We recommend you have sufficient capital to pay for your living expenses for at least 12 months.

(12) We have relied on our principals' and affiliates' eighteen years of experience in operating similar businesses to compile these estimates.

(13) Unless otherwise indicated, these expenditures are nonrefundable.

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

You must purchase furniture, fixtures, equipment, computer hardware and software, inventory and supplies only from suppliers we designate or approve periodically. You must lease the required vehicle that meet our standards, including trade dress and wraps, from our approved supplier. You must utilize the services of our designated and approved architect and general contractor for the design and construction of the Store.

Certain products required by franchisee for do it your own station such as glitter, sugar scrub, lotion, bath salt, lip gloss, face mask for in-store facials, and any other products we may designate from time to time, which are branded with SWEET & SASSY must be purchased from us or our affiliates. We and our affiliate

Packaging, is currently the only approved supplier of such retail products. We or an affiliate may derive revenue from franchisee purchases to the extent that franchisees purchase items from us or an affiliate.

Other than our President and CEO's ownership interest in our affiliates, none of our officers hold an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers, to our franchise system. Occasionally, our officers may own non-material interest in publicly-held companies that may be suppliers to our franchise system.

To the extent that we have identified designated or approved suppliers for an item, you may purchase the item only from the identified supplier(s). If you wish to purchase from a different supplier, you must request our permission in writing, and we will respond to your written request within a reasonable time, normally 30 days. We have not adopted formal procedures for issuing and modifying supplier approval standards. When evaluating a proposed supplier, we generally apply the following criteria, among others: (1) the supplier's ability to produce the item or service and to meet our specifications and quality Standards; (2) the supplier's ability to meet supply commitments; (3) the supplier's integrity of ownership (to assure that its association with us would not be inconsistent with our image or damage our goodwill); (4) the supplier's financial stability; and (5) the negotiation of a mutually satisfactory confidentiality agreement and license to protect our intellectual property. We do not charge a fee for our review in determining the qualifications of a particular supplier; however, we may ask for reimbursement from you for any out-of-pocket expenses that we incur. We issue certain branding specifications to approved suppliers, and to our franchisees. To the extent that our suppliers manufacture our proprietary products, we issue product specifications to the manufacturer.

Store Location and Lease

You must acquire a site for your Store that meets our site selection criteria and that we approve. If you occupy the Store premises under a lease, you must submit the proposed lease to us for approval before it is signed. We have the option to require that the landlord of a potential location sign the Lease Rider enclosed in this disclosure document as Attachment E to the Franchise Agreement.

Fixtures, Furnishings, Equipment and Décor

You must construct, finish out, equip, furnish and decorate the Store according to our Standards, including those related to equipment, Trade Dress, computer hardware and software and construction documents that we have approved. Although not currently required if we do, upon 60 days written notice to you must acquire and use in your Franchised Business all vehicles that we prescribe.

Music, Voice, and Digital Screen Services

You must subscribe to a music, voice, and digital screen service that we designate or approve periodically. You may only play the music we designate or approve for your Store.

Public Relations and Advertising Services

You must acquire a public relations and advertising service from our designated or approved vendor.

Insurance

You must carry insurance of the types (including worker's compensation and various special liability coverage), in the amounts and with the coverage specified from time to time in the Operations Manual and in any lease. Each policy must (1) be primary and non-contributory; (2) be issued by an insurance company(ies) with a rating of at least "AVII" in the current Best Insurance Guide or that we have approved; (3) name us and our affiliates as "additional insureds" on a primary non-contributory basis and contain an "Additional Insured Grantor of Franchise Endorsement" per an attached form CG2029 (or equivalent), except for workers' compensation insurance only, without any qualifying language; (4) provide that the insurance cannot be canceled or non-renewed, except upon 30 days advance written notice to us; (5) contain a waiver of subrogation rights of the insurer(s) against us, which waiver will be effective regardless of

whether any loss is caused by our act, omission or negligence, and; (6) must contain a “Waiver of Transfer Rights of Recovery Against Others” endorsement (or its equivalent). We currently require the following minimum coverages:

1. (i) Commercial General Liability Insurance, including coverage for products-completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses, having a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; (ii) If you are required or if currently you intend to use a Vehicle for operation of your Store, you must obtain a non-owned automobile liability insurance and, if you own, rent or identify any vehicles with the marks or vehicles are used in the operation of the Franchised Business, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having limits for bodily injury of \$1,000,000 per person and \$1,000,000 per accident, and property damage limits of \$1,000,000 per occurrence, and you must name us as an additional insured and ask your carrier to give us a certificate of insurance as evidence of this coverage before any vehicle is put into use; and (iii) excess liability umbrella coverage for the general liability and automobile liability coverage in an amount of at least \$1,000,000 per occurrence and in the aggregate.
2. All-risk property insurance, including theft and flood coverage (when applicable), written at replacement cost value covering the building, improvements, furniture, fixtures, equipment and inventory. Coverage must be written in a value which will cover at least 80% of the replacement cost of the building and 100% of the replacement cost of the contents of the building.
3. Employer’s Liability and Worker’s Compensation Insurance, as required by state law.
4. Business interruption insurance of at least \$30,000 per month for loss of income and other expenses with a minimum of at least six months of coverage.
5. We reserve the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that we are named as additional insured on these cybersecurity insurance policies.

Marketing and Promotions

All marketing and promotion must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. All marketing and promotional materials, including product identification materials, point-of-purchase promotional materials, promotion memorabilia, and merchandise and prizes, will either be provided for you, or be made available to you for purchase through us.

We may create and license to you, social media accounts, e-mail marketing software accounts and other electronic accounts that use the Marks or any portion of them, used by you with any Internet directory, website, platform, or similar item in the operation of your Franchised Business. You may not create websites, social media accounts, e-mail marketing software accounts or other comparable accounts outside of those which we license to you.

You will operate your Store so that it is clearly identified and advertised as a SWEET & SASSY Store. You will use the trademark “SWEET & SASSY ” and the other Marks which now or hereafter may form a part of the System, on all signs, suppliers, business cards, uniforms, advertising materials, Technology platforms, signs and other articles in the identical combination and manner as we may prescribe in writing and you will supply to us samples and photographs of the same up on our request. You will comply with all trademark, trade name, service mark and copyright notice marking requirements and you will supply to us samples or photographs upon our request.

Revenues Derived from Franchisee Purchases and Leases

We will derive revenue from your purchases and leases to the extent that you purchase or lease items from us or our affiliates. During our fiscal year ending December 31, 2023, we did not derive revenue from

franchisee purchases; however, our affiliate Packaging derived \$328,891.14 in revenue from franchisee purchases or 31% of revenue.

We estimate that required purchases are about 72% of the cost to establish a franchise and between 20% and 30% of total operating costs for goods and services thereafter.

Description of Purchasing Cooperatives: Purchasing Arrangements

Presently there are no purchasing or distribution cooperatives in existence for the franchise system. We have, however, negotiated franchisee pricing directly with suppliers which is provided to franchisees as discounts to list pricing.

We do not provide any material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
(a) Site selection and acquisition/lease	Section 7	Items 8 and 11
(b) Pre-opening purchases/leases	Sections 6.1 and 8.2	Item 8
(c) Site development and other pre-opening requirements	Sections 3, 6.1 and 8	Items 7 and 11
(d) Initial and ongoing training	Sections 6.1(c), 8.5 and 8.11	Item 6 and 11
(e) Opening	Sections 8.7 and 9.1	Item 7 and 11
(f) Fees	Section 4	Items 5, 6 and 7
(g) Compliance with standards and policies/operating manual	Sections 5, 6.2(a) and 8.10	Item 8 and 11
(h) Trademarks and proprietary information	Section 12	Items 13 and 14
(i) Restrictions on products/services offered	Section 8.10	Items 11 and 16
(j) Warranty and customer service requirements	Section 8.11	Not Applicable

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
(k) Territorial development and sales quotas	Not provision	Item 12
(l) On-going product/services purchases	Section 8.10	Item 8
(m) Maintenance Appearance and Remodeling requirements	Sections 5.1, 8.16 and 8.17	Item 11
(n) Insurance	Section 8.27	Items 7 and 8
(o) Advertising	Section 9	Items 6, 7 and 11
(p) Indemnification	Sections 8.28 and 8.29	Item 6
(q) Owner's participation/management/staffing	Section 8.4	Items 11 and 15
(r) Records/reports	Sections 8.25 and 8.26	Item 11 and 17
(s) Inspections/audits	Sections 8.19 and 8.25	Item 6 and 17
(t) Transfer	Section 13	Item 17
(u) Renewal	Section 11.2	Item 17
(v) Post-termination obligations	Section 15.1	Item 17
(w) Non-competition covenants	Section 17.1	Item 17
(x) Dispute resolution	Section 22	Item 17
(y) Personal Guaranty	Sections 13.2 and 23, Attachment G	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing, and we do not guarantee your notes, leases, or other obligations.

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING,

COMPUTER SYSTEMS AND TRAINING

Except as listed below, Sweet & Sassy Franchising, LLC, is not required to provide you with any assistance.

Before you begin operating your Franchised Business, we will:

- (1) Furnish you a list that describes or shows the Standards for the fixtures and equipment that you must install at the Store. (Franchise Agreement, Section 6.1(a)).
- (2) Furnish you lists of the inventory, supplies and paper goods needed to stock and operate your Franchised Business, together with the names of any suppliers currently designated or approved. (Franchise Agreement, Section 6.1(b)).
- (3) Provide you and your General Manager (if not you) who must attend and satisfactorily complete, our initial training program, described below. (Franchise Agreement, Section 6.1(c)).
- (5) Provide you with opening assistance through one of our representatives, who will assist you with pre-opening and post-opening training, supervision, and assistance for three to five days for your first Store. (Franchise Agreement, Section 6.1(d)).
- (6) Provide access to our Operations Manual and all additions and supplements to the Operations Manual as they become available, which may be electronic. We may also make available to you additional Trade Secrets and if any are developed that are to be used in the operation of your Franchised Business. (Franchise Agreement, Section 6.2(d)). See Exhibit C for a copy of the Operations Manual Table of Contents. Our Operations Manual consists of 24 pages.

During your operations of the Franchised Business, we will:

- (1) Send an operations specialist during the period your Franchised Business first opens in order to verify that you are operating the Franchised Business in accordance with the Standards. (Franchise Agreement, Section 6.2(a)).
- (2) Provide you with advice and assistance, in our sole discretion, in planning publicity and promotions for your Franchised Business including print media and advertising. (Franchise Agreement, Section 6.2(b)).
- (3) Make ourselves accessible to your General Manager, to the extent we deem advisable, for remote consultation. We may occasionally visit your Store in our sole discretion to conduct Quality Reviews and to consult with the General Manager regarding compliance with the Standards, but we will not be providing routine field consultations. (Franchise Agreement, Section 6.2(c)).
- (4) Invite you to attend, at your expense, all conventions, seminars and other franchisee-oriented functions we may, from time to time, plan or sponsor. Attendance at these conventions and seminars is mandatory. (Franchise Agreement, Section 6.2(e)).

Advertising

The advertising program for products and services offered by SWEET & SASSY Franchised Businesses currently is expanding brand awareness through the use of our branded pink limousines, brochures, website, and joint ventures and promotions with many local youth-related organizations. Our advertising and promotional materials and in-store graphics are created both in house and by an outside advertising agency. We generally do not permit our franchisees to use their own promotional and advertising materials. You must submit any promotional and advertising materials developed by you to us and obtain our written consent prior to use, publication, or distribution.

We have implemented a System-wide brand development advertising and marketing fee ("Brand Development Fee"). You must contribute the Brand Development Fee each month in an amount we specify

periodically, which is currently \$450 per month. We have the right to increase the Brand Development Fee up to 10% each year upon written notice to you.

We will administer the Brand Development Fee monies as follows:

- a) We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements and promotions. We may engage in local, regional, or national advertising. We are not required to spend any particular amount on advertising in your Designated Area.
- b) We may use the Brand Development Fee to meet or reimburse us for any cost of conducting market research, producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; hosting an Internet web page of similar activities; employing advertising agencies to assist therein; providing promotional brochures and other marketing materials to franchisees;). We will not use Brand Development Fee for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using Brand Development Fee (including Internet advertising) information concerning franchise opportunities, and a portion of Brand Development Fee may be used to create and maintain one or more pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by prospective franchise candidates.
- c) There is no requirement that the Brand Development Fee monies be audited. The Brand Development Fee account is not a trust or escrow, and neither we nor our affiliates have any fiduciary obligation in administering the Brand Development Fee monies or for any other reason.

Local Advertising

Within the 90-day period after opening, you must spend the minimum required amount for your type of Store to promote the grand opening of your Store, which includes at least one day-long Grand Opening event. The day-long Grand Opening must be held within the first 60 days of operation. You must submit the grand opening advertising budget to us for our approval at least 60 days before any expenses are incurred.

You must spend on local advertising each month at least \$2,500 plus an amount equal to 1% of your Gross Sales. These amounts must be spent in the manner and for the purposes we direct. We have the right to increase the \$2,500 flat fee on January 1st of each year in Company's sole discretion. Any amounts contributed to an Area Cooperative, as described below, will be credited toward your local advertising obligation. Within 30 days following each fiscal quarter, you must submit to us a local area marketing report that we prescribe, as well as any other documentation we request to substantiate your incurred advertising expenses. You must participate in all system-wide promotions that we designate.

Area Cooperative

When there are at least two SWEET & SASSY Stores operating in a designated marketing area (whether company-owned or franchised), we have the right to form an advertising cooperative for the purpose of collectively advertising and promoting the Franchised Businesses ("Area Cooperative"). Each Area Cooperative will operate according to written governing documents that we create, and will act on majority vote of the members, and each member will be entitled to one vote for each Store operated in the area served by the Area Cooperative. If, in an Area Cooperative's formation or functioning, its members are unable to reach agreement with respect to any issue concerning organization, administration, contribution waivers or exceptions, budget or other matters that the members cannot resolve within 45 days, the issue will be referred to us for resolution. Our decision with respect to the issue's resolution will be final and binding on all members of the Area Cooperative. No Area Cooperatives have yet been formed and, therefore, governing documents are not available for your review.

Site Selection and Opening

If the site for the Store has not been identified at the time the Franchise Agreement is signed, you must locate and obtain our approval for a site within 90 days after the Franchise Agreement is signed. Upon receipt of all requested documentation concerning a proposed site, we will notify you of our approval or disapproval in writing within a period of 30 days. The criteria that we use to evaluate the site include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

Franchisees typically open their Stores for business at least 180 days after the Franchise Agreement is signed. The factors that may affect this length of time include obtaining a satisfactory site, constructing, remodeling and decorating the site, and obtaining financing arrangements. When you sign the Franchise Agreement, we will mutually agree on a target opening date, and you must open the Store for business by that date.

If you fail to locate a site or open for business within the prescribed time period, and fail to remedy the default within a 15-day cure period, we may terminate the Franchise Agreement without refunding any fees.

POS & Computer Systems

You must purchase, install and maintain an electronic point of sale cash register system to record sales and transaction data (such as item ordered, price and date of sale). We have approved the POS Meevo by Millennium point of sale system (the “POS System”) and this POS System is currently the only system we have approved for new Store openings. All sales must be processed through the approved POS systems and reported as gross sales and no other supplemental or secondary POS system may be used. However, we are continuing to investigate other POS Systems and anticipate that we will approve other POS Systems for use in the Stores in the future. You will use the POS System as a cash register system, a customer data system, an inventory system, an employee payroll and time maintenance system and a daily sales reporting system. You must connect the POS System to a telephone line or other communications device that is capable of accessing the internet via a third-party network. 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 is no limitation on our right to access this information. Updates or replacement of the POS System, both hardware and software, may be required. There is no contractual limitation on the frequency or cost of these obligations. The computer system and/or POS for your Franchised Business will be dedicated for the operation of your Sweet and Sassy Store and used for no other purpose.

The current cost to purchase the POS System, computer system, computer software and hardware is approximately \$1,500. You must also pay a monthly maintenance fee of \$240 to our designated vendor for their answering service, which provides trouble shooting and maintenance questions.

At our request, you must, install and maintain interactive multi-media equipment, devices, technology, 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. You must only play approved music at your Franchised Business and obtain and maintain a license for music played in your Sweet and Sassy Store and must be able to supply evidence of this license at our request.

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

You must install any other hardware or software for the operation of the Franchised Business 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 SWEET & SASSY.

Information Systems/Technologies

We may designate the information system used in your Franchised Business, including the computer hardware, software other equipment and enhancements (the “Information System”). If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the franchise business unless otherwise directed by us.

You are solely responsible for protecting yourself from disruptions, Internet Access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us or our affiliates as the direct or indirect result of such disruptions, security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchise Business, unless otherwise directed by us.

You hereby release and agree to hold us and our affiliates and our respective officers and directors, harmless from and against any and all claims, liability, damages or causes of action of any nature arising from or in connection with the installation, maintenance or operation of the Information System and its billing and payment processing, except to the extent arising from such party’s gross negligence or intentional acts.

All of the information we or our affiliates obtain from you or about your Franchised Business, and all information in your records or our concerning the members of your Franchised Business (“the Information”) and all revenues we derive from the Information will be our property. However, you may at any time during the term of your franchise agreement, use in the operation of your Franchised Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Franchised Business, such as customer data. The information (except for information you provide to us or our affiliates with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or equity members of your entity) will become our property which we may use for any reason as we deem necessary or appropriate in our discretion. You hereby authorize your payment processor to release the information to us at any time. Following termination or expiration of this Agreement you will no longer use any of the Information, except to comply with your post-term obligations under this Agreement and you authorize your payment processor to release the Information exclusively to us and/or our designees

Training

Approximately two weeks before the Store opens for business, you and your General Manager, or if you will be acting as General Manager then any one additional key personnel, must attend and satisfactorily complete our initial training program at our company headquarters in Colleyville, Texas (the “Introductory Training Program”). The Introductory Training Program is free of charge to you and your manager or key personnel, except that you are responsible for costs associated with attending the program such as travel, room and board.

Our Introductory Training Program is held on an as needed basis at our training facilities located at our corporate headquarters. Training is generally performed under the direct supervision of Stephanie Simons. Our trainer will have a minimum of one year of experience in the industry or less if the training is conducted under the direct supervision of Ms. Simons. Ms. Simons has over seven years’ experience in the general retail industry and over five years’ experience with us.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Introduction and Strategy of Sweet & Sassy Concept	2 hours	None	Colleyville, Texas or any other location we designate
Salon Operations, Party Operations, Retail, Display, Recruitment, Staffing, and Retention	16 hours	Phase 1 of the training will include in its curriculum onsite training on a varied, as needed basis to acquaint you with hands on operating procedures in an actual Sweet & Sassy Store	Colleyville, Texas or any other location we designate
Computer, Customer Satisfaction & Overall Management Training	8 hours	Phase 2 of the training will include in its curriculum onsite training on a varied, as needed basis to acquaint you with hands on operating procedures in an actual Sweet & Sassy Store	Colleyville, Texas or any other location we designate
Grand Opening, Marketing, and Advertising.	4 hours	Phase 3 of the training will include in its curriculum on-site training on a varied, as needed basis to acquaint you with hands on operating procedures in an actual Sweet & Sassy Store	Colleyville, Texas or any other location we designate
Accounting, Payroll, Office Procedures	4 hours	Phase 3 of the training will include in its curriculum on-site training on a varied, as needed basis to acquaint you with hands on operating procedures in an actual Sweet & Sassy Store	Colleyville, Texas or any other location we designate
Total	34 hours		Colleyville, Texas or any other location we designate

We do not charge tuition for you and your General Manager (or if you are acting as the General Manager, for you and one other key person). We reserve the right to charge a fee for any additional individuals you may want to bring, and you are responsible for travel, room, board, wages, and other expenses while in training at the location we designate.

After the Store opens for business, we will make our initial training program available to any new manager for the continuing education fee disclosed in Item 6. In addition, we have the right to require that you (or such managing partner or shareholder) and any manager(s) or assistant manager(s) complete supplemental and refresher training programs we may offer during the term of the franchise, to be furnished at our National Headquarters in Colleyville, Texas or other venue we designate. You are responsible for costs associated with attending training such as travel, wages, room and board.

We may periodically make other mandatory or optional training available to your employees as well as other programs, seminars and materials, and you must ensure that all employees, as we may direct, satisfactorily complete any required training within the specified time period.

If our representative is scheduled to conduct on-site training program at your Franchised Business and you subsequently cancel the scheduled training program, then you must pay us our then current on-site

training cancellation fee (“On-Site Cancellation Fee”). The On-Site Training Cancellation Fee may vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.

You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this agreement. If you believe we have failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training or any other matter affecting the establishment of your Franchised Business, you must notify in writing within 30 days following the opening of your Franchised Business or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment and complied with all representations made to you.

ITEM 12 **TERRITORY**

You will operate the Franchised Business at a specific retail location that we have approved. While you will be assigned a Designated Area, as defined below, 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.

During the franchise term, we will not operate or authorize anyone except you the right to operate a Franchised Business under the Marks from a physical location in a defined geographic area surrounding the Store (the "Designated Area"). Your Designated Area will be identified on the Summary Page of the Franchise Agreement as well as Attachment B to the Franchise Agreement, and will be defined in terms of zip codes or geographic or other physical boundaries. If no address is identified, the Designated Area is a certain radius around the actual location from which you operate the Franchised Business. In densely populated urban areas, the Designated Area will be less and may be as small as a 1-mile radius or an office or retail building in these types of areas. Generally, the Designated Area for Franchised Businesses located in suburban areas encompass approximately a 3-mile radius, with the front door of the Franchised Business serving as a center point for the Designated Area.

The Designated Area granted to you will exclude venues within the Designated Area that we consider “Captive Markets”. A Captive Market is any facility that serves a captive market, such as department store, supermarket, shopping mall (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), amusement park, airport, train station, hotels, tourist compounds, travel plaza, casino, nightclub, restaurant, public facility, college or school campus, sports or entertainment stadium or arena, hospital, office building, convention center, airline (in-flight services), military base, or any other mass gathering event or location.

We reserve for ourselves all rights not expressly granted to you, including the right to: (a) establish, operate and license others to establish and operate Franchised Businesses or other retail establishments located anywhere including inside your Designated Area if it's a Captive Market and outside your Designated Area, regardless of proximity to or competitive impact upon your Franchised Business and regardless of whether these establishments market their products and services in or draw customers from your Designated Area; (b) distribute private label products, memorabilia, and other products and merchandise, whether or not identified by or associated with the Marks, to or through commercial establishments that are not affiliated with us including, for example, department stores, supermarkets and convenience stores, both inside and outside your Designated Area, regardless of proximity to or competitive impact on your Franchised Business; (c) distribute private label products, memorabilia, and other products and merchandise whether or not identified by or associated with the Marks, to customers inside your Designated Area through catalogues, telemarketing campaigns, an Internet website and other direct-order techniques; (d) distribute

catalogues and similar sales solicitation materials, broadcast television and radio commercials for direct-order merchandise, initiate telephone contact with and accept telephone orders from residents in your Designated Area, and fill customer orders for direct-order merchandise all within your Designated Area; and (e) operate, and grant to others to operate, retail store services, salon, and party establishments identified by trade names, trademarks, service marks, or trade dress, other than the Marks, within or outside of your Designated Area.

We and our affiliate have not established, and have no present plans to establish, other franchises or company-owned businesses selling or leasing similar products or services under a trade name or trademark different from the SWEET & SASSY Marks. There are no restrictions on our right to solicit business inside your Designated Area, and no requirement that we compensate you for business solicited in your Designated Area.

If the lease for the Store premises expires or is terminated before the end of the franchise term, you may move the Store to another location chosen according to our site selection procedure. The new location (a) must be in your Designated Area, and (b) must not infringe upon a franchise agreement or other agreement applicable to another franchisee. You must initiate the relocation procedure in time to lease, build-out and open the new Store for business within 120 days after the original Store closes.

You may only target and direct market your Franchised Business to customers located within your Designated Area. You may never direct market or make sale inside another franchisee's Designated Area. You may only offer and sell approved products and services from your Store location located within your Designated Area and, only to retail customers.

There are no circumstances that permit us to modify your territorial rights under the Franchise Agreement. You have no options, rights of first refusal, or similar rights to acquire additional franchises.

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ITEM 13 TRADEMARKS

Our affiliate, S&S IP, owns and has registered the following trademarks ("Marks") on the Principal Register of the United States Patent and Trademark Office. All affidavits have been filed and all renewals will be filed as they come due.

MARK	REGISTRATION NO.	REGISTRATION DATE	INTERNATIONAL CLASS
SWEET & SASSY (standard character mark)	2996797	September 20, 2005	041
SWEET & SASSY (standard character mark)	3436089	May 27, 2008	035, 041, 044
 (design plus words)	3310757	October 16, 2007	035, 041, 044

Currently we claim common law rights to the following mark:

MARK	REGISTRATION NO.	REGISTRATION DATE	REGISTER
SWEET & SASSY			

	N/A	N/A	Common Law
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S&S IP claims common law and federal rights to the above trademarks and service marks. We do not have a federal registration for the common law trademark. This trademark does not have as many legal benefits and rights as federally registered trademarks. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. The franchisor is currently not aware of any prior rights or infringing uses that could materially affect the franchisee's use of the principal trademarks. All required affidavits have been filed. There are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks. There are no infringing uses actually known to us that could materially affect your use of the Marks, however, we have not conducted an exhaustive search of users of names which may be the same or similar to our marks.

Sweet & Sassy IP has granted us the right to sublicense the Marks pursuant to an Intellectual Property License Agreement (the "License Agreement"). The term of the License Agreement is perpetual, but may be terminated by either party by mutual agreement. Furthermore, the License Agreement will terminate without notice, unless otherwise agreed in writing, if we (a) become insolvent, (b) make an assignment for the benefit of creditors, (c) have a petition in bankruptcy filed for or against it, (d) are a party to a merger, consolidation or conversion, where Company is not deemed by law to be the surviving entity, or (e) are subject of a dissolution or winding-up of its business. The rights granted to you, to use the Marks in the operation of the Store will not necessarily terminate upon termination of the License Agreement. You will retain the right to use the Marks with the Store, unless you have lost your rights to use the Marks under your Franchise Agreement.

Except as described above, we know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

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

You may not use the Marks or any part or derivative of the Mark on the Internet, except as expressly permitted in writing. This prohibition includes use of the Marks or any derivative of the 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 web site (such as FACEBOOK, INSTAGRAM, or TWITTER), whether or not such social media platform is used for commercial gain, 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 Marks or Copyrighted Materials (defined below in Item 14), or any challenge to our ownership of, or license to use and to license others to use, or your right to use, the Marks or Copyrighted Materials. We have the right to direct and control any administrative proceeding or litigation or other adjudicative proceeding involving the Marks or Copyrighted Materials, including any settlement of the proceeding. We or our affiliate has the right, but is not obligated, to take action against uses by others that may constitute infringement of the Marks or Copyrighted Materials. In regard to any litigation under your use of the Marks

or Copyrighted Materials, 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 any legal action.

We have the right to designate new, modified and/or replacement Marks for your use and to require you to use the new, modified or replacement Marks in addition to or in lieu of any previously designated Marks. You must comply with the directive, at your expense, within a reasonable time following your receipt of written notice of the change.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights material to the franchise, but we claim copyright protection in: (a) all manuals used in the Franchised Business' development, operation and marketing activities including, our Operations Manual; (b) training materials, whether printed, audio, video or electronic; (c) business plans and specifications; (d) product and services board designs and graphics; (e) product identification posters, photographs and graphics; (f) advertising and marketing materials; (g) labels, forms and reports provided by us; (h) all trade dress and trade dress elements; and (i) any other materials protected by copyright law or marked or identified by us as protected by copyright. These materials ("Copyrighted Materials") are proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement.

There are currently no effective determinations of the Copyright Office or any court regarding any of the Copyrighted Materials. There are no agreements in effect that significantly limit our right to use or license the Copyrighted Materials. There are no infringing uses actually known to us which could materially affect your use of the Copyrighted Materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

We also possess certain trade secrets and information including: (a) information systems and software programs used or useful in the Franchised Business; (b) the identity of suppliers and vendors, and knowledge of Standards for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; (c) methods of inventory control, storage, product handling, training and management relating to the Franchised Business; (d) the Standards, the Operations Manual, any other proprietary materials and knowledge or experience in developing and operating the Franchised Business; (e) identity of youth organizations, and sales, marketing and advertising programs and techniques for the Franchised Business; (f) our site selection criteria, general contractor and architect criteria and Trade Dress for the Franchised Business; (g) manager recruiting, interviewing, orientation, training and evaluation policies and procedures; (h) our company's personnel culture and training programs; (i) information, including earnings information, regarding our personnel and customers and those of other franchisees and licensees; and (j) all other information that we provide to you and designate as proprietary or confidential ("Confidential Information"). Our Confidential Information will be disclosed to you through training programs, seminars, operations manuals, and in guidance furnished to you during the term of the Franchise Agreement.

This Confidential Information is proprietary to us and will be disclosed to you solely on the condition that you (a) use the Confidential Information only in the course and in the development and operation of the Franchised Business; (b) not, at any time, make copies of any documents or compilations containing some or all of the Confidential Information without our written permission; and (c) not disclose any of the Confidential Information other than to your employees and only to the extent that it is necessary to train or assist in the development or operation of your Franchised Business.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL

OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement provides that the SWEET & SASSY Franchised Business must at all times be under your direct, day-to-day, full-time supervision (or if you are incorporated or are a partnership, then a managing shareholder or partner of the corporation or partnership, approved by us) or under the supervision of a General Manager. Your General Manager does not have to have an equity interest in the franchise, but must have successfully completed the training program.

If you are a corporation, partnership, or other business entity, each shareholder, partner, or owner must personally guarantee your obligations under the Franchise Agreement, and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and noncompetition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Personal Guaranty and Principals' Undertaking is substantially in the form attached as Attachment G of the Franchise Agreement. Any individual who attends our initial training program and any other personnel we request must sign a confidentiality and noncompete agreement substantially in the form attached as Attachment F to the Franchise Agreement.

We do not impose any anti-poaching restrictions that prohibits you, or any other franchisee, from soliciting or hiring any person currently employed or previously employed within the Sweet & Sassy System.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all products and services that we prescribe periodically, and refrain from offering or selling any products or services that we have not authorized for sale using the Marks. We have the right to modify the System periodically, which includes the right to add new and different items to the list of authorized Franchised Business services and merchandise, and to withdraw service and merchandise items from the list of authorized Franchised Business services and merchandise. There is no restriction on our right to make these changes.

You may sell products and services only at and from the Store address and only to retail customers. You may not sell any product or service to any wholesale customer, and may not sell any product or service through alternate channels of distribution, including catalogues, an Internet web site, or other distribution channels without our prior permission. All customer contact information is our exclusive property. You may not sell any customer contact information.

In addition, you must keep the Franchised Business open for the hours specified by the Manual(s) if applicable, and may only advertise through Sweet & Sassy approved media.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based upon such factors as we determine, including test marketing for the purpose of customer or operational feedback or evaluation, your qualifications, and regional or local differences.

We have the right to establish the maximum and minimum prices that you offer to your customers to extent permitted by law.

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

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Summary Page and Section 11.1	10 years from the Effective Date
b. Renewal or extension of the term	Section 11.2	Two additional, consecutive five-year renewal terms.
c. Requirements for franchisee to renew or extend	Section 11.2	Written notice within 210 days before expiration date; sign our then-current form of franchise agreement which may contain materially different terms than the one attached to this disclosure document, and sign a general release; remodel and refurbish Store within 210 days before expiration of Franchise Agreement; for second five-year renewal, you must pay the successor fee prior to execution of the renewal term franchise agreement; complete additional training.
d. Termination by franchisee	No provision	Not Applicable
e. Termination by franchisor without cause	No provision	Not Applicable
f. Termination by franchisor with cause	Section 15.1	We can terminate if you default under the terms of the Franchise Agreement and do not cure, if permitted.
g. "Cause" defined – curable defaults	Section 14.2	Failure to locate, construct and open Store in compliance with Franchise Agreement; failure to complete initial training; failure to pay vendors; recommended action not taken in response to Quality Review; failure to submit required reports or financial statements; failure to make payments as required under the Franchise Agreement; failure to execute required documents; breach of covenants not-to-compete; refusal to permit audit; Quality Review or access to Franchised Business information systems; failure to maintain insurance and comply

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		with indemnification requirements; failure to comply with the transfer provisions of the Franchise Agreement; any attempt to hire an employee of ours or another franchisee without mutual consent of the affected operator.
h. "Cause" defined – non-curable defaults	Section 14.3	Violation of non-compete; misappropriation of the Marks; damage goodwill associated with the System; revocation of direct debit authorization agreement; two or more events of default within a 12-month period; repeated default of same obligations, regardless if such is subsequently cured; insolvency; bankruptcy; appointment of receiver or trustee; judgment against you for \$5,000 or more that is not paid within 30 days. Abandonment of the Franchised Business.
i. Franchisee's obligations on termination / non-renewal	Sections 15.1 and 15.2	Cease use of Marks, copyrighted materials, the System trade secrets and Operations Manual; return Operations Manual and any other printed, graphic or audio/visual materials to us; remove all interior and exterior signs and other uses of the Marks; and alter interior to remove all Trade Dress items eliminate distinctive features of the Franchised Business. Transfer of telephone number(s), cease use of licensed Social Media Accounts.
j. Assignment of contract by franchisor	Section 13.9	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Sections 13.2 - 13.4	Includes transfer of the Franchise Agreement and Business Assets by you.
l. Franchisor approval of transfer by franchisee	Section 13.1	We have the right to approve all transfers by you.
m. Conditions for franchisor approval of transfer	Section 13.2	Full compliance; complete disposition of Franchised Business; return Operations Manual and all copyrighted materials; transferee qualifies; delivery and approval of contract of sale; transferee provides us with profit and loss and cash flow projections for first 24 months; transferee signs then-current

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		form of Franchise Agreement; transferee upgrades store and vehicles to then-current standards; transferee signs waiver and Personal Guaranty and Principals' Undertaking; transferee and their General Manager complete training; receipt of transfer fee; your signing and delivery of general release.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13.7	We have the right to match any offers.
o. Franchisor's option to purchase franchisee's business	Section 15.10	Purchase equipment and signs for net book value or fair market value, whichever is lower; inventory for invoiced cost; and premises for fair market value.
p. Death or disability of franchisee	Section 13.8	We can either: 1) approve of current management; 2) require replacement of current management; 3) require the sale of the Franchised Business; or 4) purchase the Franchised Business ourselves.
q. Non-competition covenants during the term of the franchise	Section 17.1	No involvement in any competitive business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.1	No interest in competing business for two years within a 10-mile radius from the location of the Franchised Business Location and any franchisor or affiliate owned or another franchised Store.
s. Modification of the agreement	Section 24.2	No modification generally but Operations Manuals subject to change.
t. Integration/merger clause	Sections 18 and 24.4	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any other promises may not be enforceable. Nothing in the Franchise Agreement or any other related written agreement is intended to disclaim representations made in the disclosure document.
u. Dispute resolution by arbitration or mediation	Sections 22.2, 22.3, and 22.4	Mediation in Colleyville, Texas (subject to state law).

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
v. Choice of forum	Section 22.5	Litigation in Fort Worth, Texas (subject to state law).
w. Choice of law	Section 22.1	Texas law applies (unless prohibited by laws of state where Franchised Business is located).

ITEM 18
PUBLIC FIGURES

We currently do not 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 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.

As of December 31, 2023, there were 15 SWEET & SASSY Franchised Stores operating in 6 states and 1 Corporate location operating in the state of Texas. The following charts reflects historical sales information concerning 10 Franchised Stores.

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HISTORICAL SALES INFORMATION FOR THE 10 SWEET & SASSY STORES IN OPERATION FOR THE 12 MONTHS ENDING DECEMBER 31, 2023

Stores¹	Total Gross Sales²
Store No. 1	\$ 1,003,137
Store No. 2	\$ 710,766
Store No. 3	\$ 642,908
Store No. 4	\$ 588,626
Store No. 5	\$ 497,572
Store No. 6	\$ 487,330
Store No. 7	\$ 446,474
Store No. 8	\$ 423,126
Store No. 9	\$ 386,752
Store No. 10	\$ 328,944

Note 1. The SWEET & SASSY stores reflected in the above chart are franchised locations operating for the full twelve months beginning January 1, 2023 and ending December 31, 2023 (Measurement Period).

Note 2. “Gross Sales” means total sales from the franchised business less applicable sales taxes, discounts and refunds. Gross Sales does not include the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross sales figures to determine net income or profit. See Notes to Item 6 for full definition of “Gross Sales”.

Note 3. Four Franchised Stores were excluded from the data set above as they did not operate for the full Measurement Period. 1 Franchised Store was excluded from the data set above due to a change of ownership and the location was not open and operating for the full Measurement Period.

Note 4. The Gross Sales number in the chart above were rounded up to the nearest whole number.

HISTORICAL AVERAGE SALES INFORMATION FOR THE 10 SWEET & SASSY STORES IN OPERATION FOR FULL 12 MONTHS ENDING DECEMBER 31, 2023

Sales (High)	Sales (Low)	Sales (Average)	Sales (Median)
\$1,003,137	\$328,944	\$551,563	\$492,451

SOME STORES HAVE SOLD THIS AMOUNT. YOUR INDIVIDUAL RESULTS MAY DIFFER. THERE IS NO ASSURANCE THAT YOU WILL SELL AS MUCH.

Notes:

Note 1. The SWEET & SASSY stores reflected in the above charts are franchised locations that were open and operating for the full Measurement Period.

Note 2. The above information reflects sales information only; therefore, you can draw no inferences with respect to a Store's profitability.

Note 3. The figures reflected in the chart were compiled from unaudited information reported to us by our franchisees. We have not independently verified any of the sales information upon which this financial performance representation is based.

Note 4. Sales results for a SWEET & SASSY Store are affected by a number of factors including local demographics, including daytime and residential population and income levels, site characteristics (*i.e.*, visibility, traffic count, ease of ingress and egress, parking availability), seasonality (particularly in colder climate), local competition, brand and product awareness in the geographic area in which the Store is located, and your individual marketing efforts. Sales also may be affected by other factors such as weather events and road construction affecting traffic patterns.

HISTORICAL SALES INFORMATION FOR THE CORPORATE SWEET & SASSY STORE IN OPERATION FOR THE 12 MONTHS ENDING DECEMBER 31, 2023

Stores	Total Gross Sales
Corporate Store No. 1	\$ 496,068

Note 1. The above information reflects sales information from a Company or an affiliate owned location. There may be material financial and operational differences between the company-owned outlets and operational franchise outlets. These differences consist of fees and other expenditures required by the franchise agreement, disclosed in your Franchise Disclosure Document that are not required of our company store.

Written substantiation for the financial performance representation will be made available to you upon reasonable request.

Your Salon sales will be directly affected by a number of factors, like the brand recognition of SWEET & SASSY Salon in the market, competition in the market, the quality of management and service at the Salon, and your pricing decisions. Other factors may also affect sales at your Salon. Therefore, you should use this data only as a reference to help you conduct your own analysis. The financial performance representations figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your SWEET & SASSY Store, and consult with an attorney and other advisors prior to executing the franchise agreement.

Except for the information presented above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of future income, you should report it to the franchisor's management by contacting Dawn Dixie Clarke, President and Chief Executive Officer, Sweet & Sassy Franchising, LLC, 4008 Gateway Drive Ste. 120, Colleyville, Texas 76034; or 817-778-4074, and the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2021 to 2023

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2021	13	13	0
	2022	13	11	-2
	2023	11	15	+4
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	14	14	0
	2022	14	12	-1
	2023	12	16	+4

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021 to 2023

STATE	YEAR	NUMBER OF TRANSFERS
Texas	2021	0
	2022	0
	2023	0
Totals	2021	0
	2022	0
	2023	0

Table No. 3
Status of Franchised Outlets
For Years 2021 to 2023

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
Georgia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Missouri	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS -OTHER REASONS	OUTLETS AT END OF THE YEAR
Ohio	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
New Jersey	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Ohio	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
Pennsylvania	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Texas	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	3	1	0	0	0	7
Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total	2021	13	0	0	0	0	0	13
	2022	13	0	1	0	0	0	12
	2023	12	4	0	0	0	0	15

Table No. 4
Status of Company-Owned Outlets
For Years 2021 to 2023

STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	FACILITIES REACQUIRED BY FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT THE END OF THE YEAR
Texas	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

Table No. 5
Projected Openings
As of December 31, 2023

STATE	FRANCHISE AGREEMENT SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Arizona	1	0	0
Ohio	1	0	0
Texas	1	1	0
Total	3	1	0

Exhibit D lists the names of all current franchisees and the addresses and telephone numbers of their Franchised Businesses as of December 31, 2023.

Exhibit E lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had a Franchised Business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year ending December 31, 2023, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21 **FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit F are our audited financial statements as of December 31, 2023, 2022, and 2021, and the related statements of income, and members' equity and cash flows for the years then ended.

Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

Included in this disclosure document are the following agreements:

Exhibit B Franchise Agreement

- Attachment A Site Selection Addendum
- Attachment B Business Address and Designated Area
- Attachment C ACH Authorization Agreement for Pre-Authorized Payments
- Attachment D1 Social Media Accounts License Agreement
- Attachment D2 Assignment of Telephone Number(s)
- Attachment E Lease Rider
- Attachment F Confidentiality Agreement and Covenant Not to Compete
- Attachment G Personal Guaranty and Principals' Undertaking
- Attachment H Liability Waiver by Franchisee
- Attachment I ADA Certification

ITEM 23
RECEIPTS

Our copy and your copy of the disclosure document Receipts are located on Exhibit I, the last two pages of this disclosure document.

EXHIBIT A
AGENTS FOR SERVICE OF PROCESS
AND STATE ADMINISTRATORS
SWEET & SASSY
Franchise Disclosure Document

EXHIBIT A
LIST OF STATE ADMINISTRATORS

California

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

Hawaii

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Office of Attorney General
500 S. Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 W. Washington St., Room 201
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-7042

Michigan

Consumer Protection Division
Department of Attorney General
Franchise Section
525 W. Ottawa St.
G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48913
(517) 373-7117

Minnesota

Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1500

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Fl
New York, New York 10005
(212) 416-8222

North Dakota

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

Rhode Island

Securities Division
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

South Dakota

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 Main Street, 9th Floor
Richmond, Virginia
(804) 371-9051

Washington

Administrator
Department of Financial Institutions
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

Wisconsin

Franchise Administrator
Division of Securities
Department of Financial Institutions
201 West Washington Avenue
Madison, Wisconsin 53703
(608) 266-2139

LIST OF AGENTS FOR SERVICE OF PROCESS

TEXAS

Dawn Dixie Clarke
4008 Gateway Drive, Ste. 120
Colleyville, Texas 76034

VIRGINIA

Clerk of the State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706

EXHIBIT B
FRANCHISE AGREEMENT
SWEET & SASSY
Franchise Disclosure Document



**SWEET & SASSY FRANCHISING, LLC
FRANCHISE AGREEMENT**

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Attachments

Attachment A	Site Selection Addendum
Attachment B	Business Address and Designated Area
Attachment C	ACH Authorization Agreement for Pre-Authorized Payments
Attachment D1	Social Media Accounts License Agreement
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Attachment H	Liability Waiver by Franchisee
Attachment I	ADA Certification
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SUMMARY PAGE

Term: 10 years from the Effective Date

Effective Date: _____

Franchisee: _____

Business Address: _____

Phone Number: _____

Fax Number: _____

E-Mail Address: _____

General Manager: _____

Designated Area: The area described on Attachment B to this Agreement

Franchise Fee: \$49,500 for the first Franchised Business
 \$31,500 (includes 40% Veteran discount)

Transfer Fee: 50% of the then-current franchise fee

Royalty Fee: 6% of Gross Sales

Grand Opening Ad Expenditure: _____

Minimum Local Advertising Expenditure: \$2,500 (subject to annual increase) per month, plus 1% of Gross Sales per month

Technology Fee: Currently \$120 per month

Brand Development Fee: \$450 per month, up to 10% increase every year upon notice

Successor Fee: \$5,000

Scheduled Opening Date: Not later than _____

Addresses for Notices:

Company: Sweet & Sassy Franchising, LLC
4008 Gateway Drive, Ste. 120
Colleyville, Texas 76034

Franchisee: Business Address shown above

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“**Agreement**”) is made and entered into as of the Effective Date reflected in the Summary Page (“**Effective Date**”) by and between Sweet & Sassy Franchising, LLC, a Texas limited liability company, and its successors and assigns (“**Company**”) and the franchisee identified in the Summary Pages (“**Franchisee**”).

BACKGROUND

A. Company has acquired the license to use and to sublicense the use of a distinctive business format and system relating to the establishment and operation of a business (“**Franchised Business**”) that appeals to the interests of children five to 12 years of age, which offers a combination of retail store services, salon services, and party services under the name SWEET & SASSY (“**System**”).

B. The distinguishing characteristics of the System include, without limitation, a distinctive space plan, layout, décor and color scheme; image; graphics; merchandising scheme; relationships with youth organizations; supplier and vendor relationships, salon services and spa packages; operation and customer service standards and procedures, training; policies regarding personnel, accounting and financial performance; advertising and marketing programs and information technology; and other standards, specifications, techniques and procedures that Company designates for developing, operating, managing, and promoting a SWEET & SASSY Store, all of which Company may change, improve, and further develop (collectively, the “**Standards**”).

C. The System is identified by the trade name and service mark SWEET & SASSY and/or other proprietary trade names, service marks, trademarks, logos, emblems, trade dress, and indicia of origin, and any and all additional, different or replacement trade names, trademarks, service marks, logos and slogans that Company adopts from time to time to identify such Franchised Businesses (collectively, the “**Marks**”).

D. Franchisee has applied for the right to operate a Franchised Business at a physical location to be identified on the Summary Page of this Agreement (the “**Store**”), and Company has approved such application in reliance on the representations contained therein, including those concerning Franchisee’s financial resources, Franchisee’s business experience and interests, and the manner in which the Franchised Business will be owned and operated.

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

1. DEFINITIONS

The following terms are used in this Agreement with the meanings assigned below:

“**Accounting Period**” means each weekly period, by-weekly, monthly, or any other time period designated by Company from time to time.

“**ACH Authorization Agreement for Pre-Authorized Payments**” means the authorization agreement for pre-authorized payments in the form attached to this Agreement as Attachment C.

“**Affiliate**” means a Person that controls, is controlled by or is under common control with another Person, either by virtue of equity ownership, by contract or by other means.

“**Asset Transfer**” means the voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of the Franchise, this Agreement or any interest in or right under this Agreement; of all or substantially all of the assets of Franchised Business or in an interest therein, including (a) any transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (b) any transfer upon Franchisee’s death or the death of any of Franchisee’s Principals by will, declaration of or transfer in trust or under the laws of intestate succession; or (c) any

foreclosure upon Franchised Business or the transfer, surrender or loss by Franchisee of possession or control of Franchised Business.

“Assignment of Telephone Number(s)” means the assignment of telephone numbers, in the form attached to this Agreement as Attachment D2.

“Brand Development Fee” means a fee (in the amount identified on the Summary Page) paid to the Company for the purpose of enhancing the goodwill and public image of the System through advertising and promotions.

“Business Address” means the physical address of the Store described on the Summary Page and Attachment B.

“Business Entity” means a corporation, a general or limited partnership, a limited liability company or any other type of business entity.

“Business Network” means the entire chain of Franchised Businesses located in the United States, including franchised and company-operated Franchised Businesses.

“Charter Documents” means a corporation’s Articles of incorporation, by-laws and shareholders agreement (if any); a partnership’s partnership agreement and, in the case of a limited partnership, its Articles of limited partnership; a limited liability company’s Articles of association and regulations or operating agreement; and comparable governing documents of any other type of business entity.

“Competitive Business” means any business or store offering (or grants franchises or licenses to others to operate a business or store offering) retail services, salon services and/or party services (in any combination thereof), in which more than 10% of all products or services offered are designed to appeal to children ages five to 12.

“Confidential Information” means Company’s proprietary and confidential information relating to the development and operation of Franchised Business, including, without limitation: **(a)** Information Systems and software programs used or useful in the Franchised Business; **(b)** identity of suppliers and vendors, and knowledge of Standards for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; **(c)** methods of inventory control, storage, product handling, training and management relating to the Franchised Business; **(d)** the Standards, the Operations Manual, any other proprietary materials and knowledge or experience in developing and operating the Franchised Business; **(e)** identity of youth organizations, and sales, marketing and advertising programs and techniques for the Franchised Business; **(f)** knowledge of operating results and financial performance of the Business Network, other than Franchised Business; **(g)** Manager recruiting, interviewing, orientation, training and evaluation policies and procedures; **(h)** Company’s personnel culture and training programs; **(i)** site selection criteria, general contractor and architect criteria and Trade Dress for the Franchised Business, and plans and specification for the development of the Franchised Business; **(j)** Information (including earnings information, customer lists and contact information, and customer emails) regarding Company’s personnel and customers and those of other franchisees and licensees of Company; and **(k)** all other information that Company provides Franchisee and designates as proprietary or confidential.

“Confidentiality Agreement and Covenant Not to Compete” means the confidentiality agreement and covenant not to compete in the form attached to this Agreement as Attachment F.

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

“Copyrighted Materials” refers to and includes, without limitation, all versions, variations and adaptations of the following materials in tangible form, either produced by Company, produced on its behalf as works for hire, or derived from works produced by or on behalf of Company: **(a)** all manuals used in a Franchised Business’ development, operation and marketing activities, including but not limited to the Operations

Manual, (b) training materials (including printed, audio, video or electronic materials), (c) Franchised Business plans and specifications, (d) product and services board designs and graphics, (e) product identification posters, photographs and graphics, (f) advertising and marketing materials, (g) labels, forms and reports provided by Company, (h) any computer software developed for use in the operation of the Franchised Business, (i) all Trade Dress and Trade Dress elements, and (j) any other materials protected by copyright law or marked or identified by Company as protected by copyright.

“Designated Area” means the designated area described in Attachment B. If no address is identified in Attachment B, the Designated Area is a 3-mile radius around the original actual location from which the Franchisee operates the Franchised Business. The typical designated area for Franchised Businesses to be located within suburban areas will be a 3-mile radius from the Business Address; for Franchised Businesses to be located in urban areas may be as small as a 1-mile radius or confined to the retail center within which your Store is located.

“Dispute” means any claim, controversy or dispute that arises under or in relation to this Agreement or concerns the relationship created by this Agreement.

“DMA” means Designated Market Area, an advertising term that Neilson Rating Service or its successor uses to demarcate the primary coverage of broadcast and print media in given markets. The boundaries of a particular DMA will be determined by reference to television coverage.

“Event of Default” means any breach of this Agreement, including without limitation, those breaches listed in Section 14 of this Agreement.

“Event of Force Majeure” means acts of significant events outside the party’s control, including but not limited to Acts of God, fire, flood, or other natural forces, war, acts of terrorism, civil unrest, government actions or regulations, epidemic, national pandemic, or any other event similar to those enumerated above, or government actions resulting from the same, or other forces beyond Franchisee’s or Company’s control which, as applicable, materially and adversely affect the condition, use or operation of the Franchised Business or which effect Company’s ability to perform its obligations under this Agreement.

“Franchise” means the right to continuously operate a Franchised Business, as more fully described in this Agreement.

“Franchise Fee” means the franchise fee identified on the Summary Page.

“Franchisee” means the franchisee identified on the Summary Page.

“General Manager” means an individual appointed by Franchisee to supervise and actively manage all aspects of the Franchised Business’ day-to-day operations and with whom Company and its staff may deal exclusively for purposes of administering and coordinating the Franchise relationship. Franchisee’s first General Manager is identified on the Summary Page.

“Grand Opening Expenditure” means the grand opening expenditure identified on the Summary Page.

“Gross Sales” means the aggregate of all sales and other income of Franchisee from whatever source derived, whether or not collected by Franchisee and whether it is in the form of check, cash, credit or otherwise, arising out of, in connection with or relating to the Franchised Business including, without limitation, (a) income from the sale of any products or other items; (b) income from any services provided; and (c) all proceeds from any business interruption insurance, but excluding (1) all refunds and discounts made in good faith to a customer; (2) any sales, goods and services and equivalent taxes which are collected by Franchisee for or on behalf of any governmental or other public body and actually remitted to such body; and (3) the value of any coupon, voucher or other allowance authorized by Company and issued or granted to customers of Franchised Business which is received or credited by Franchisee in full or partial satisfaction of the price of any product or service offered in connection with the Franchised Business. Gross Sales include all barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier or customer will be valued at the full retail

value of the memberships bartered in exchange for the good or services provided to you. Gross Sales also includes the proceeds of any business interruption insurance paid to you. Gross Sales also includes any payments you receive from vendors. Chargebacks are not deducted from Gross Sales.

“Information Systems” means electronic systems an operator uses to collect, compute, store and report a Franchised Business’s Gross Sales, other financial data and operating information, such as cash registers or other point of sale systems, computers, peripheral equipment and related software programs.

“Minimum Local Advertising Expenditure” means the amount identified on the Summary Page.

“Operations Manual” means and collectively includes all manuals, policy statements, directives, bulletins and memoranda that contain prescribed or recommended Standards, procedures, policies and advice relating to a Franchised Business’s operation and management and to marketing the products and services of the Franchised Business. The Operations Manual discloses the principle elements of Company’s proprietary System, and its contents are and shall remain Company’s exclusive property.

“Ownership Interest” means any direct or indirect, legal or beneficial ownership interest of any type, including but not limited to **(a)** in relation to a corporation, the ownership of shares in the corporation; **(b)** in relation to a partnership, the ownership of a general partner or limited partnership interest; **(c)** in relation to a limited liability company, the ownership of a membership interest; or **(d)** in relation to a trust, the ownership of the beneficial interest of such trust. If any holder of an Ownership Interest is, itself, a partnership or other entity, then the holder of such Ownership Interest includes each individual or entity holding a beneficial ownership in the partnership or entity; the intent being that each holder of an Ownership Interest is intended to include all individuals holding a beneficial interest in the franchisee, either directly or indirectly.

“Ownership Interest Transfer” means the voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of any direct or indirect Ownership Interest in Franchisee or revenues or income of Franchised Business including **(a)** any transfer, redemption or issuance of a legal or beneficial Ownership Interest in Franchisee or any Business Entity that has a Controlling Interest in Franchisee or of any interest convertible to or exchangeable for a legal or beneficial Ownership Interest in Franchisee or any Business Entity that has a Controlling Interest in Franchisee; **(b)** any merger or consolidation between Franchisee or any Business Entity that has a Controlling Interest in Franchisee and another Business Entity, whether or not Franchisee is the surviving Business Entity; **(c)** any transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; **(d)** any transfer upon Franchisee’s death or the death of any of Franchisee’s Principals by will, declaration of or transfer in trust or under the laws of intestate succession; or **(e)** any foreclosure upon the Franchised Business or the transfer, surrender or loss by Franchisee of possession, control or management of the Franchised Business. No employee or independent contractor may hold any Ownership Interest in the Franchised Business other than an undivided interest in the Franchise as a whole, and then only in compliance with the provisions of Section 13.

“Permanent Disability” means any physical, emotional or mental injury, illness or incapacity that would prevent a person from performing the obligations set forth in this Agreement or in the Personal Guaranty and Principals’ Undertaking for at least 90 consecutive days, and from which condition recovery within 90 days from the date of determination of disability is unlikely. If the parties disagree as to whether a person is permanently disabled, the existence of permanent disability will be determined by a licensed practicing physician selected by Company, upon examination of the person; or if the person refuses to submit to an examination, then the person automatically will be considered permanently disabled as of the date of refusal. The costs of any such examination will be paid by Company.

“Person” means an individual or a Business Entity.

“Personal Guaranty and Principals’ Undertaking” means the personal guaranty and principals’ undertaking in the form attached to this Agreement at Attachment G.

“Principal” means collectively or individually, all officers and directors of Franchisee or any Affiliate of Franchisee and Persons holding a direct or indirect Ownership Interest in Franchisee or in any Affiliate of Franchisee, in the Franchise, this Agreement or any interest in or right under this Agreement, all or substantially all of the assets of the Franchised Business or an interest therein or in the revenues or income thereof, as designated by Company.

“Quality Reviews” means physical, on-site visits to a Store during which Company’s representatives conduct either **(a)** formal inspections to determine the degree to which the Franchised Business operation satisfies Company’s Standards, including quality, service and cleanliness standards, or **(b)** informal reviews to evaluate the staff’s compliance with Company’s Standards.

“Royalty Fee” means the royalty fee identified on the Summary Page.

“Scheduled Opening Date” means the date identified on the Summary Page.

“Social Media Accounts License Agreement” means the license agreement for social media accounts, e-mail marketing software accounts, and comparable electronic accounts that use the Marks or any portion of them, used by Franchisee in connection with any Internet directory, website, platform, or similar item in connection with the operation of the Franchised Business, in the form attached to this Agreement as Attachment D1.

“Successor Fee” means the successor fee identified on the Summary Page.

“Summary Page” means the pages that appear at the beginning of this Agreement that summarize certain key information concerning the parties’ relationship and the terms of this Agreement.

“Term” means the term identified on the Summary Page.

“Trade Dress” means decorative, non-functional components of a Franchised Business that provide the establishment of a distinctive, memorable appearance.

“Trade Secrets” means the components of the System, the contents of the Operations Manual and of all employee training materials and computer programs developed by Company or in accordance with its Standards, Confidential Information and any other confidential information that Company imparts to Franchisee with respect to a Franchised Business’s operation or management, whether through the Operations Manual or otherwise.

“Transfer” means an Asset Transfer and an Ownership Interest Transfer. “Transfer” as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) any interest in this Agreement, the License, the Store, substantially all the assets of the Store, or in the ownership of the franchisee (if you are an Entity). “Transfer” as a noun means any such sale, assignment, gift, transfer, pledge, mortgage or encumbrance.

“Transfer Fee” means the transfer fee identified on the Summary Page.

“Website” means an Internet website that Company developed and maintains to advertise and promote the Business Network and the products and services that members of the Business Network offer. Company may, at its option, expand the website to include and facilitate the sale of franchises for Franchised Businesses, and combine, link or otherwise connect the website with a website(s) used to promote Franchised Businesses located outside of the United States.

2. GRANT OF FRANCHISE

2.1. Grant of Rights. Subject to the terms, conditions and limitations of this Agreement, Company hereby grants Franchisee the right to continuously operate the Franchised Business at the Business Address; to offer products and services identified by the Marks at and from the Business Address; to operate one or

more vehicles reflecting the Marks and Trade Dress in accordance with Company's Standards; and to use the Marks in connection with the operation and promotion of the Franchised Business in accordance with the terms and conditions of this Agreement. Franchisee's use of any of the Marks or any element of the System in the operation of a business at any other address or in any other channel of distribution without Company's express prior written authorization will constitute willful infringement of Company's rights in the Marks and the System. Franchisee hereby undertakes the obligation and agrees to continually operate the Franchised Business during the Term hereof and strictly according to the terms and conditions of this Agreement.

2.2. **Wholesale**. Franchisee may not, among other things, sell any products or services to any wholesale customer; or sell any product or service through alternate channels of distribution, including catalogues, an Internet website, or other distribution channels without Company's express prior permission.

2.3. **Captive Markets**. The Designated Area granted to the Franchisee excludes venues within the Designated Area that are considered "Captive Markets". A Captive Market is any facility that serves a captive market, such as department store, supermarket, shopping mall (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), amusement park, airport, train station, hotels, tourist compounds, travel plaza, casino, nightclub, restaurant, public facility, college or school campus, sports or entertainment stadium or arena, hospital, office building, convention center, airline (in-flight services), military base, or any other mass gathering event or location.

2.3. If Franchisee, its Affiliates and Principals are in compliance with this Agreement and all other agreements between Franchisee, its Affiliates and Principals and Company, Company will not operate or authorize anyone except Franchisee to commence operation of a Franchised Business under the Marks from a physical location in the Designated Area; however, the Company may operate or authorize others to operate a Franchised Business under the Marks from a location inside your Designated Area if it's a Captive Market.

2.4. **Reserved Rights**. Company (and its respective successors and assigns, by purchase, merger, consolidation or otherwise) reserves all rights that this Agreement does not expressly grant to or confer upon Franchisee, including, without limitation: ***(a)*** the right to establish, operate and license others to establish and operate Franchised Businesses or other retail establishments located anywhere including inside your Designated Area if it's a Captive Market and outside the Designated Area's physical boundaries, regardless of proximity to or competitive impact upon Franchised Business and regardless of whether these establishments market their products and services in or draw customers from the Designated Area; ***(b)*** the right to distribute private label products, memorabilia, and other products and merchandise, whether or not identified by or associated with the Marks, to or through commercial establishments that are not affiliated with Company or associated with the Business Network, including (for example) department stores, supermarkets and convenience stores, both inside and outside the Designated Area, regardless of proximity to or competitive impact upon the Franchised Business; ***(c)*** the right to distribute private label products, memorabilia, and other products and merchandise whether or not identified by or associated with the Marks, to customers inside the Designated Area through catalogues, telemarketing campaigns, an Internet website and other direct-order techniques; ***(d)*** the right to distribute catalogues and similar sales solicitation materials in the Designated Area, broadcast television and radio commercials for direct-order merchandise into the Designated Area, initiate telephone contact with and accept telephone orders from residents of the Designated Area, and fill customer orders for direct-order merchandise in the Designated Area, regardless of proximity to or competitive impact upon the Franchised Business; and ***(e)*** operate, and grant to others the right to operate, retail store services, salon, and party establishments identified by tradenames, trademarks, service marks or trade dress, other than the Marks, pursuant to such terms and conditions as Company deems appropriate, within and outside the Designated Area and regardless of proximity to or competitive impact upon the Franchised Business.

2.5. Nothing in this Agreement prohibits or restricts Company 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 SWEET & SASSY), whether or not the business is the same as or competitive with SWEET & SASSY Stores, within or outside the Designated Area; or **(b)** owning, operating, or franchising one or more similar businesses as the franchise, other than the one authorized in the Franchise Agreement, under the name SWEET & SASSY or some derivative of the Marks.

2.6. Franchisee acknowledges and agrees that Company has no express obligation or implied duty to insulate or protect Franchisee's revenues from erosion as the result of the Franchised Business' competing with other Franchised Businesses or Company's distribution of products and services through alternate channels of distribution in the ways and to the extent this Section 2 provides or contemplates. Franchisee expressly waives and relinquishes any right to assert any claim against Company based on the existence, actual or arguable, of any such obligation or duty.

2.7. Franchisee must only operate the approved Franchised Business from the approved location and no other business.

3. BUSINESS ENTITY REQUIREMENTS

3.1. If Franchisee is a Business Entity, the following requirements apply:

- (a)** Franchisee must be newly organized and its Charter Documents must provide that Franchisee's purposes and activities are restricted exclusively to operating the Franchised Business franchised hereunder.
- (b)** True, complete and duly authenticated copies of Franchisee's Charter Documents and a resolution of Franchisee's board of directors, general partner or other managing body authorizing Franchisee to enter into and perform this Agreement must be furnished to Company prior to the execution of this Agreement.
- (c)** Franchisee's Charter Documents shall impose Transfer restrictions that give effect to Section 13.1, and each certificate representing an ownership interest in Franchisee shall contain or have conspicuously noted upon its face a statement in a form satisfactory to Company to the effect that any assignment or Transfer of the certificate is subject to all restrictions this Agreement imposes on Transfers.
- (d)** Franchisee shall maintain a list of all record and beneficial owners of Ownership Interests in Franchisee and shall furnish a current version of the list to Company between December 15th and 31st of each year and upon request.

4. FEES

4.1. **Initial Franchise Fee.** Franchisee shall pay Company, or its designee, the Franchise Fee upon execution of this Agreement. The Franchise Fee is fully-earned upon receipt and is not refundable under any circumstances, and covers Company's costs associated with sale of the franchise to Franchisee (50%), training and onboarding the Franchisee (25%), and providing Franchisee pre-opening services (25%).

4.2. **Royalty Fee.** During the Term of this Agreement, Franchisee shall pay to Company or its designee, a nonrefundable and continuing monthly Royalty Fee. The continuing Royalty Fee shall be paid by the business day immediately following the 15th day and the last day of each month.

4.3. **Method of Payment.** Royalty Fees, Brand Development Fees, Technology Fee, and other payments due under this Agreement will be payable each Accounting Period by automatic debit of Franchisee's account. Franchisee will authorize Company and its bank to debit Franchisee's account directly for the payment of all fees, including, but not limited to the Franchise Fee, Royalty Fees, Brand Development Fee, Area Cooperative Contributions, and other amounts due hereunder by signing and delivering the ACH Authorization Agreement for Pre-Authorized Payments in the form attached to this Agreement at

Attachment C. Royalty Fees and applicable periodic payments will be payable without notice or demand within five days from the end of each Accounting Period with respect to Franchisee's Gross Sales for the immediately preceding Accounting Period. All other payments will be due upon demand. By notice in writing to Franchisee, Company may from time to time change the payment interval, the payment date, the manner of payment. Franchisee agrees to make sufficient funds available in its account no later than the payment due date.

4.4. No Offset or Retention of Funds. Franchisee will not be entitled to withhold payment of Royalty Fees, Brand Development Fees, Technology Fee, or other amounts due to Company hereunder on account of Company's breach or alleged breach of its obligations under this Agreement; Company's performance under this Agreement constitutes no part of the consideration for Franchisee's obligation to pay Royalty Fees and other amounts owed to Company under this Agreement. Withholding payment of Royalty Fees, or any other amounts due Company is a material breach of this Agreement. No endorsement or statement on any payment for less than the full amount due to Company will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Company has the right to accept and cash any such payment without prejudice to Company's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Company has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Company deems appropriate. Company shall set off sums Company owes to Franchisee against any unpaid debts owed by Franchisee to Company.

4.5. Interest; Nonsufficient Funds Charge. If Franchisee fails to make any Royalty Fees, Brand Development Fees, Technology Fee, trade account or other payment to Company or its designee by the date on which such payment is due or such payment is returned, the amount payable will bear interest from the date it became due through the date of payment at the lesser of (a) 5% in excess of the prime commercial rate of interest reported in the Wall Street Journal (Southwestern edition), adjustable daily, or (b) the highest lawful rate of interest permitted by applicable state and federal law, and Franchisee shall pay to Company a late fee of U.S. \$100 per day for each day the respective payment remains unpaid. Nothing in this Agreement shall obligate Franchisee or any guarantor of Franchisee's obligations to pay, or entitle Company or its designee to collect, interest in excess of the maximum rate applicable law permits. If, for any reason, Company or its designee charges or receives interest in excess of the maximum rate permitted by applicable law, the excess shall be applied as a payment against the principal amount of Franchisee's other obligations under this Agreement. If no other obligations are due, Company or its designee shall promptly refund the excess payment to the party that paid it.

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

4.7. Payment of Taxes. If any tax is imposed on payment owed to Company (other than a tax imposed on Company's net income), then Franchisee shall be responsible and shall pay the tax in addition to its payment obligation, the intent being that Company shall receive all payments in full, as if no such tax had been imposed.

4.8. Franchisee shall submit all fees and payments to Company in U.S. dollars. Likewise, Franchisee shall only accept payments related to the Franchised Business in U.S. dollars. Franchisee is expressly prohibited from accepting as payment in any other currency, electronic or otherwise, including cryptocurrency and tokens such as Bitcoin, Ethereum, Litecoin, and other digital currencies or tokens. Franchisee is required to accept all forms and methods of payment that Company requires, including debit cards, credit cards, stored value cards, or other non-cash systems (including, for example, APPLE PAY,

and/or GOOGLE WALLET) that Company specifies periodically to enable customers to purchase menu items and other authorized goods and services, and to install all hardware and/or software necessary to accept such payments. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of franchises operating under the Marks and System. Franchisee is solely responsible for its own education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications. Franchisee shall defend, indemnify, and hold Company harmless from and against all claims arising out of or related to Franchisee's violation of the provisions of this Section 7.18.

4.9. **Default Fee.** If Franchisee is in default under this Agreement, at the Company's sole discretion, and without waiver of any of the Company's rights under this Agreement, the Company may impose a fee ("Default Fee") in an amount up to \$1,500 per event of default, plus the cost of re-inspections and the costs enforcing compliance. You must pay the Default Fee within 3 days of our demand. Any late payment due under this Section is subject to Interest Charge as stated in Section 4.5 of this Agreement.

4.10. **Brand Protection Reimbursement.** Franchisee acknowledges and agrees that if any acts of the Franchisee, its owners, officers, employees, or related parties, harms the good will associated with the Marks or the SWEET & SASSY System, Franchisee shall reimburse the Company all actual fees and costs including reasonable attorneys' fees and court costs associated with such harm. Company may in its absolute sole discretion hire third party vendor including, but not limited to a public relations firm to reinstate and regain the goodwill associated with the SWEET & SASSY System and if the Company retains such services, you agree to reimburse the Company its actual costs and fees associated with such retention. Franchisee further acknowledges and agrees that "goodwill" is an inherent value of the Company's Marks and recognition of the Marks among consumers and extra earning power that it generates. Any negative impact on the SWEET & SASSY System, Brand, or Marks shall be considered harm to the goodwill associated with the System, Marks and the SWEET & SASSY Brand.

4.11. **Technology Fee.** Franchisee shall pay to Company its then-current technology fee ("Technology Fee") on the first of every month, which is currently \$120 but subject to annual increase of 15% from prior year. Company has the right to enforce this fee at the Company's discretion upon providing Franchisee 30 days' notice of their intent to enforce or increase to the current monthly Technology Fee.

The Technology Fee will cover the Company's cost of providing the Franchisee with access and license for training, five e-mail addresses per Store under the Company's @sweetandsassy.com domain, one Store specific landing page on the Company's website and other technology the Company deems appropriate at its sole discretion.

5. MODIFICATION OF FRANCHISE, TRADE DRESS AND EQUIPMENT STANDARDS

5.1. Company reserves the right to modify the System, Operations Manual, and Marks from time to time, including, without limitation, the right to **(a)** add new and different items to the list of authorized services and merchandise offered by the Franchised Business, **(b)** withdraw service and merchandise items from the list of authorized services and merchandise offered by the Franchised Business, or to change their names and image, **(c)** change the Trade Dress and/or Standards for equipment and fixtures, **(d)** add to or change the Standards for customer services, **(e)** abandon the use of vehicles, equipment, fixtures and merchandising displays for any service and merchandise item that Company withdraws from the list of authorized services and merchandise offered by the Franchised Business, and **(f)** require the use of new or different electronic data processing and communications equipment and facilities. Franchisee shall promptly comply with and adopt, at its own expense, all such modifications.

5.2. If the addition of an authorized service or product would not require the installation of new fixtures or equipment, Company may instruct Franchisee to begin offering the new service or product as of a date specified in a supplement to the Operations Manual or other written instructions delivered to Franchisee. Similarly, if the deletion of an authorized service or product would not require the removal of fixtures or

equipment, Company may direct Franchisee to cease offering the service or product as of a date specified in a supplement to the Operations Manual or other written instructions delivered to Franchisee. Franchisee will comply with Company's instructions as of the date Company specifies, which need not be more than 30 days after Company distributes the Operations Manual supplement or other written instructions.

5.3. If Company abandons or adopts changes in the Standards that necessitate the addition or removal of furniture, fixtures, equipment, signs or Trade Dress items, Company may instruct Franchisee to adapt the Franchised Business to the Standards through a supplement to the Operations Manual. Company, in consultation with Franchisee, will establish a schedule for Franchisee to implement such changes that will depend, among other factors, on the Franchised Business's size, age, and the amount Franchisee has spent in recent periods to refurbish and upgrade the Franchised Business. Franchisee will remove from the Store any items Company designates as obsolete and will purchase and/or lease and install any different or additional items Company specifies as meeting its new Standards, all in accordance with the schedule Company establishes for the Franchised Business.

5.4. If Company allows the Franchised Business to participate in any new service or product test, Franchisee will participate in the test in accordance with Company's Standards and will discontinue offering any service or product that Company decides not to add permanently to the authorized Franchised Business service and merchandise list.

5.5. If Franchisee develops or suggests an innovation or improvement that Company decides to incorporate into the System, either temporarily or permanently, the innovation or improvement will become Company's Confidential Information without compensation. Franchisee hereby assigns each such innovation or improvement to Company and agrees to execute and deliver all such additional instruments and documents as Company may request to evidence the assignment and Company's ownership of the innovation or improvement. In the event that the foregoing provisions of this Section 5.5 are found to be invalid or otherwise unenforceable, Franchisee hereby grants to Company a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of such innovation or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on Franchisee's rights therein.

5.6 Renovations.

If this Franchise Agreement is signed as part of the transfer of an existing franchise or renewal of an existing franchise, then the any construction, specification, or Trade Dress required under this Agreement shall be the renovation of your Franchised Business in accordance with the provisions of the predecessor franchise agreement. If, at our sole discretion, we allow you to complete the renovation after signing this Agreement, the renovation must be completed in accordance with the provisions of this of this Agreement by the date set forth in the Rider.

(a) The Franchisee shall make no changes to any building, plan, design, layout or décor, or any equipment or signage in the Franchise business without the Company's prior written consent, and such changes may not be contrary to required Specifications.

(b) Signs: The Franchisee shall prominently display, at their sole expense, both on the interior and exterior of the Franchised Business premises, signs in such form, color, number, location and size, and containing such Marks as we designate. The Company may require the Franchisee to use illuminated signs. The Franchisee shall obtain all permits and licenses required for such signs and will also be responsible for ensuring that all signs comply with laws and ordinances. The Franchisee shall not display in or upon the Franchised Business premises any sign or advertising of any kind to which the Company objects. The Company reserves the right to require the Franchisee to update the signage at any time at the Franchisee's expense.

(c) Services: The Franchisee shall conform to all quality and customer services standards prescribed by the Company in writing.

6. COMPANY SERVICES AND ASSISTANCE

6.1. Company (or, notwithstanding the following, its designee) will provide the following services and assistance to Franchisee before Franchisee opens the Franchised Business:

- (a) Company will furnish Franchisee a list that describes or shows the Standards for the fixtures and equipment that Franchisee must install at the Store. Franchisee will use the architect designated by Company to prepare detailed plans and specifications for the Construction of the Store, and Franchisee will use the services of the Company's designated general contractor to construct the Store.
- (b) To the extent that Company has identified designated or approved suppliers for an item or service, Franchisee agrees to only purchase requirements of products and services from Company, its Affiliate(s), or other identified suppliers, distributors, or service providers (collectively "**Approved Suppliers**"). Company shall provide a list of Approved Suppliers and a list of the products and services for which they are approved. Company may require that the following products and services, among others, be purchased or leased only from Approved Suppliers: (a) fixtures, furniture, equipment, signs, items of decor, audio/visual system, (b) uniforms, shirts, and all merchandise and items intended for retail sale (whether or not bearing Company's Marks), (c) public relations and advertising services, point-of-purchase materials, and other printed promotional materials, (d) gift certificates and stored value cards, (e) stationery, business cards, contracts, and forms, (f) bags, packaging, and supplies bearing Company's Marks, (g) insurance coverage, (h) vehicles, (i) architectural and general contractor services, (j) music services (j) do it your own station products such as glitter, sugar scrub, lotion, bath salt, lip gloss, face mask for in-store facials, and any other products bearing Company's Marks.

Company retains the right to be the Approved Supplier for certain items including but not limited to certain marketing materials, salon and spa supplies, retail display stands and other retail products. Company may in its sole discretion be the sole supplier for additional items used in operation of the Franchised Business, designate its affiliate, or a third party Approved Supplier upon a notice to the Franchisee, which the notice may be in a form of an electronic communication.

Company may receive money or other benefits from Approved Suppliers based on Franchisee's purchases; Franchisee agrees that Company has the right to retain and use all such benefits as it deems appropriate, in its sole discretion. Franchisee may purchase items and services for which Company has not identified Approved Suppliers from any source, so long as the items and services meet Company's specifications. These specifications may include brand requirements ("**Approved Brands**"), and to the extent that Approved Brands have been identified, Franchisee may purchase and use only the Approved Brands.

Company may from time to time modify the list of Approved Suppliers and/or Approved Brands. Franchisee shall promptly comply with all such modifications. Company may approve one or more suppliers for any goods or materials and may approve a supplier only as to certain goods or materials. Company may concentrate purchases with one or more suppliers or distributors to obtain lower prices and/or the best advertising support and/or services for any group of Sweet & Sassy stores or any other group of stores franchised or operated by Company or its Affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, concentration of purchases, supplier's ability to produce the item or service and to meet Company's specifications and quality Standards, supplier's ability to meet supply commitments, supplier's integrity of ownership (to assure that its association with Company would not be inconsistent with Company's image or damage Company's goodwill), supplier's financial stability, and the negotiation of a mutually satisfactory confidentiality agreement and license to protect Company's intellectual property, or other criteria, as set forth above, and may be temporary pending a further evaluation

of such supplier by Company. Company may establish commissaries and distribution facilities owned and operated by Company or an Affiliate that Company may designate as an approved supplier. **Company makes no representation concerning, and expressly disclaims any liability arising out of or in connection with, the services rendered or products furnished by any supplier approved or designated by Company. Company's approval or consent to any services, goods, suppliers, or any other individual, entity or any item shall not create any liability to Company.**

If Franchisee proposes to purchase from a previously unapproved source, Franchisee shall submit to Company a written request for such approval, or shall request the supplier to submit a written request on its own behalf. Company has the right to require, as a condition of its approval, that its representatives be permitted to inspect the supplier's facilities, and that such information, specifications, and samples as Company reasonably requires be delivered to Company and/or to an independent, certified laboratory designated by Company for testing prior to granting approval. Franchisee must reimburse Company for any out-of-pocket expenses incurred in evaluating the proposed supplier. Company reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval of any supplier upon the suppliers' failure to meet Company's criteria.

Franchisee must offer for sale all products and services that Company prescribes periodically, and refrain from offering or selling any products or services that Company has not authorized for sale in connection with the Marks. Company has the right to modify the System periodically, which includes the right to add, delete, modify, or change items to the list of authorized services and merchandise that may be offered by the Franchised Business. There is no restriction on Company's right to make these changes. Franchisee may sell products and services only at and from the Business Address and only to retail customers. Franchisee may not sell any product or service to any wholesale customer, and may not sell any product or service through alternate channels of distribution, including catalogues, an Internet web site, or other distribution channels without Company's prior permission.

Upon the Company's request, Franchisee shall install and maintain at the Store interactive multi-media equipment, devices, and facilities Company requires, including, without limitation, approved music systems, wi-fi, and other wireless Internet and communications systems, and interactive displays, including plasma or LCD screens. Franchisee must cause the Store to play only the music or types of music that Company designates. Franchisee must obtain a license for music played in Franchisee's approved location and must be able to supply evidence of this license at the Company's request.

Though the products, suppliers, brand, or services are approved by the Company, the Company or its affiliate make no warranty and expressly disclaim all warranties, including warranties of merchantability for any particular purpose with respect to fixtures, furniture, equipment (including without limitation, any and all required computer systems) supplies or other approved items.

(c) **Initial Training.** Company shall provide its initial training program, and both Franchisee and Franchisee's General Manager (or the General Manager and one other individual if Franchisee will act as the General Manager) and any replacements or successors thereto shall attend and complete, to Company's satisfaction, such initial training program, before the Franchised Business commences operations. Company will not charge Franchisee any fee for the training of Franchisee's first General Manager and other individual as described above. Company reserves the right to charge a fee to Franchisee for any additional required or optional training and training for subsequent General Managers and assistant managers. All training shall be provided at such location as Company may designate and Franchisee shall be responsible for Franchisee's employees' travel expenses and room, board and wages during such training. Company may

periodically make other mandatory or optional training available to Franchisee's employees as well as other programs, seminars and materials, and Franchisee shall ensure that all employees, as Company may direct, satisfactorily complete any required training within the time specified.

On-Site Training Cancellation Fee. If the Company or its representative is schedule to conduct an on-site training program, or scheduled for a visit at the Franchisee's location for training or other reasons, or if the Franchisee register for a training program and Franchisee subsequently cancel, fail to attend, fail to have the appropriate parties attend, or fail to stay for the entire training program then Franchisee shall pay the Company, their then-current on-site training cancellation fee (the "On-Site Training Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of schedule training program and how far in advance you notify the Company in writing of the cancellation and the cost and expense incurred in rescheduling Company or any trainer's travel arrangements.

Nature and Assistance of Training Franchisee acknowledges and agrees that the Company is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of the Company's experience, knowledge and judgment. Franchisee further acknowledge that the Company is not obligated to provide any services to Franchisee that are not set forth in this Agreement. If Franchisee believes the Company has failed to adequately provide any pre-opening services to the Franchisee or to Franchisee's employees, whether with respect to site selection, selection and purchase of equipment and supplies, training or any other matter affecting the establishment of Franchisee's Franchised Business, Franchisee shall notify in writing within 30 days following the opening of the Franchised Business or the Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by the Company were sufficient and satisfactory in Franchisee's judgment and complied with all representations made to the Franchisee.

- (d) Pre-Opening Assistance. If this Agreement covers Franchisee's first Franchised Business, Company shall provide Franchisee with opening assistance by a representative of Company. The representative will assist with pre-opening and opening training, supervision, and assistance to Franchisee for a period of time ranging from three to five days.
- 6.2. On-Going Assistance. Company (or, notwithstanding the following, its designee) will provide the following services and assistance to Franchisee after the Franchised Business opens.
 - (a) At its sole discretion, Company will send an operations specialist to the Store during the period the Franchised Business first opens for business to verify that Franchisee is operating the Franchised Business in accordance with the Standards.
 - (b) Company will provide such advice and assistance to Franchisee in Company's sole discretion with regard to planning publicity and promotions for the Franchised Business' promotion, including print media and display advertising.
 - (c) Company will make its staff accessible to the General Manager, to the extent Company deems advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication. Company may occasionally visit the Store in Company's sole discretion to conduct Quality Reviews and to consult with the General Manager regarding Standards compliance, but will not provide routine field supervision.
 - (d) Company will provide Franchisee access to the Operations Manual and to all additions and supplements to the Operations Manual as they become available, and will disclose to Franchisee additional Trade Secrets, if any, Company develops that relate to the operation of the Franchised Business.

(e) So long as Franchisee is in compliance with this Agreement and all other agreements with Company, Company will invite Franchisee to attend (at Franchisee's expense) all conventions, seminars and other franchisee-oriented functions Company from time to time plans and sponsors and which are applicable to Franchisee or the Franchised Business. Attendance at such conventions, seminars and other franchisee-oriented functions is mandatory.

6.3. If at any time the Franchisee's Franchised Business fails to conform to Standards, Company has the right to impose and collect from Franchisee an administrative enforcement fee as described in this paragraph ("Administrative Enforcement Fee"). Specifically, (i) Company may impose and collect from Franchisee a \$500 Administrative Enforcement Fee for each "enforcement effort" that Company undertakes on account of Franchisee's noncompliance with Standards (e.g., a letter, email, or telephone communication notifying you of noncompliance or continued noncompliance), and (ii) the costs of enforcement related to Franchisee's noncompliance with the Standards. This fee is not a penalty, but is intended to compensate Company for the additional costs that it incurs in enforcing Franchisee's compliance with Standards, and is in addition to and not in lieu of any other rights or remedies that Company may have based on Franchisee's noncompliance with Standards. Company may impose and collect the Administrative Enforcement Fee whether or not the noncompliance at issue is of the type or degree that constitutes a material default of Franchisee's obligations under this Agreement and, if it is, whether or not a cure period applies. At Company's option, Company may require Franchisee to demonstrate full compliance with its obligations by submitting to Company a comprehensive walk-through video of the Franchised Business' premises in accordance with the Standards.

6.4 Opening

BY VIRTUE OF COMMENCING OPERATIONS OF YOUR SWEET AND SASSY STORE, FRANCHISEE ACKNOWLEDGES THAT COMPANY HAS FULFILLED ALL OF THE COMPANY'S OBLIGATIONS TO FRANCHISEE THAT COMPANY IS REQUIRED TO FULFILL PRIOR TO THE OPENING OF YOUR STORE.

7. SITE SELECTION

7.1. If Franchisee has not selected, or Company has not approved, the Business Address, Franchisee shall execute and comply with the Site Selection Addendum attached as Attachment A.

7.2. Franchisee acknowledges that the Store must be located within the Site Selection Area, as defined on the Summary Page or as otherwise identified in Attachment A, as attached to this Agreement as of the Effective Date. Franchisee must present to Company for Company approval any lease for the Store based on the lease satisfying the requirements in this Section. Franchisee must cause the landlord to sign the Lease Rider that is attached to this Agreement as Attachment E. The Lease Rider includes important provisions that protect the Company's interests. If the landlord refuses to sign the Lease Rider in the form attached to this Agreement, Company may reject the proposed location.

8. BUILD OUT, RELOCATION AND OPERATIONS

8.1. In connection with the build-out and operation of the Store, Franchisee agrees to fulfill the requirements, to perform the obligations and to observe the restrictions stated in this Section 8.

8.2. Build Out of Store. Franchisee will construct, finish out, equip, furnish and decorate the Store in compliance with Company's Standards, including those related to equipment, Trade Dress, Information Systems and signage and the construction documents approved by Company. Franchisee assumes responsibility for the necessary adjustments to make the Store compliant in accordance with Section 8.18 below. Franchisee shall acquire, upon 60-day notice from the Company, a vehicle that meets the Company's specifications. If the Franchisee currently chooses, the Franchisee may acquire and use in connection with the Franchised Business all vehicles prescribed by Company, from time to time and must

maintain all appropriate insurance and meet the Company's specifications and operational guidelines. If the Franchisee acquires a vehicle, the Franchisee shall ensure that all such vehicles are maintained in clean and excellent working condition and meet Company's Standards. After the Store opens, Franchisee will not alter its fixtures, equipment, signs, Trade Dress or vehicles in any fashion without Company's express prior written permission. Franchisee shall acquire all art and other decorations utilized on or at the premises of the Store from suppliers designated by Company in the Operations Manual or otherwise in writing.

8.3. Franchisee will display at such location at the Store premises as Company designates, a placard of such size as Company prescribes containing the following statement: "This Franchised Business is owned and operated by a franchisee under a license from Sweet & Sassy Franchising, LLC."

8.4. Management. Unless Franchisee is an individual who will operate and manage the Franchised Business personally, Franchisee will recruit and hire a full-time General Manager who satisfies Company's Standards for eligibility as stated in the Operations Manual. If the initial or any successor General Manager resigns or otherwise leaves Franchisee's employment, Franchisee will notify Company promptly and will recruit and hire a suitably qualified replacement General Manager within a reasonable time which will in no case exceed 30 days.

8.5. Manager Training. Franchisee will send the General Manager or a district manager or multi-store supervisor approved by Company (in the event Franchisee and its Affiliates, if any, operate more than one Franchised Business) to the training program described in Subsection 6.1(c). Franchisee and the General Manager must both complete Company's training program with a passing grade before the Store may open for business. Before any such training is provided by Company, Franchisee agrees to execute the Liability Waiver by Franchisee attached hereto as Attachment H.

8.6. Assignment of Telephone Number. As soon as Franchisee obtains a telephone number for the Franchised Business, Franchisee will sign and deliver to Company the Assignment of Telephone Number(s) for the number in the form attached hereto as Attachment D2. If the Franchised Business' telephone number changes during the Term, or if Franchisee adds additional lines for a modem or other purposes, Franchisee will promptly sign and deliver to Company a new Assignment of Telephone Number(s) for the new or additional number(s). Upon the license of a Social Media account to Franchisee, Franchisee will sign and deliver to Company the Social Media Accounts License Agreement in the form attached hereto as Attachment D1.

8.7. Opening Date. Franchisee will open the Store for business not later than the Scheduled Opening Date and will operate it continuously throughout the entire Term solely under the Marks and System and in accordance with the Operations Manual. If the Store's completion is interrupted by an Event of Force Majeure, the Scheduled Opening Date may be extended up to 180 days unless Company otherwise agrees to a longer extension.

8.8. Lease. If the lease for the Store premises expires or is terminated before the end of the Term, Franchisee may move the Store to another location chosen in accordance with Company's site selection procedure. The new location **(a)** must be in the original Franchised Business' general Designated Area (as determined by Company), and **(b)** may in no case infringe upon a franchise agreement or other agreement applicable to another Franchised Business. When Company approves the location for the new Franchised Business, Company will prepare a new Attachment B to this Agreement that describes the new Business Address and Designated Area. The new Attachment B will replace the Attachment B attached to this Agreement for all purposes of this Agreement, including that of identifying the Designated Area.

8.9. Relocation. If Franchisee loses possession of the original Store premises because the lease expired by its terms, or on account of condemnation or eminent domain proceedings, Franchisee must initiate the relocation procedure in time to lease, build-out and open the new Store for business within 120 days after the original Store closes. If Franchisee's lease is terminated on account of a fire or other casualty,

Franchisee must initiate the relocation procedure in time to lease, build-out and open the new Store for business within 120 days after the lease for the original Store terminates.

8.10. Standards of Compliance. Franchisee must **(a)** comply with and adhere to the policies and procedures set forth in the Operations Manual, as revised and supplemented from time to time; **(b)** purchase furniture, fixtures, equipment, computer hardware and software, inventory, electronic point of sale cash register system, and supplies only from suppliers Company designates or approves from time to time; **(c)** maintain all equipment, signage, decorations, fixtures, furnishings and leasehold improvements used in connection with the Store in good order and repair and to cause the same to be promptly replaced as they become worn, damaged, obsolete, out of style or mechanically impaired and when offered or applicable, enter into preventative maintenance programs as further described in the Operations Manual; and **(d)** maintain and operate all vehicles used in connection with the Franchised Business in strict accordance with Company's Standards.

8.11. Employee Training. Franchisee will provide appropriate training, supervision and security for all personnel employed in the Franchised Business, maintain standards of prompt and courteous customer service, and instruct all employees of the Franchised Business in the proper use and display of the Marks and the confidential handling of the Trade Secrets and the Operations Manual, as stated in Section 12. Franchisee shall maintain a competent, conscientious, and trained staff (who shall have been adequately trained by Franchisee) in numbers sufficient to service customers promptly and properly, and shall take such steps as are necessary to ensure that its employees preserve good customer relations. In addition, Franchisee and its employees shall handle all customer complaints, refunds, returns or other adjustments in accordance with Company's policies as set forth in the Operations Manual or otherwise in writing. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Marks. The parties further acknowledge and agree that Company neither dictates nor controls labor or employment matters for Franchisee or Franchisee's employees. Franchisee is exclusively responsible for hiring personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages and benefits and work hours, and for disciplining and discharging Franchisee's employees. Franchisee is exclusively responsible for labor relations with its employees. Franchisee shall defend and indemnify Company against any and all proceedings, claims, investigations, and causes of action instituted by Franchisee's employees or by others that arise from Franchisee's employment practices.

8.11.1 Customer Complaints. Franchisee agrees to promptly address all complaints in accordance with the procedures contained in the Operations Manual or as otherwise provided by the Company. If Franchisee is unable or unwilling to resolve a customer complaint within forty-eight (48) hours, and it becomes necessary for the Company to reimburse a customer in settlement of his or her complaint about work performed at or by your Store, you agree to promptly reimburse the Company for amounts expended on account of any such complaint. Franchisee obligations and liabilities under this Section shall survive any termination or expiration of this Agreement.

8.12. Dress Code (Employee). Franchisee will ensure that all of its employees follow Company's grooming and dress code and wear all shirts and other uniform items developed or approved by Company; and shall prohibit the wearing of such uniforms except during and within the scope of an employee's employment.

8.13. Authorized Products and Services. Franchisee will offer all products and services that Company prescribes from time to time, and will not offer any products or services that Company has not authorized for sale in connection with the Marks. Franchisee will imprint the Marks on products used in the Franchised Business in accordance with instructions in the Operations Manual, and will purchase items imprinted with the Marks only from suppliers Company designates or approves.

8.14. Payment Systems and Customer Privacy. Franchisee shall accept debit cards, credit cards, stored value cards or other non-cash systems (including, for example, Apple Pay and/or Google Wallet) that

Company specifies periodically to enable customers to purchase authorized products and services, and to acquire and install all necessary hardware and/or software used in connection with these non-cash systems. The parties acknowledge and agree that the protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, Franchisee shall cause the Franchised Business to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Standards Council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information. Franchisee is solely responsible for its own education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications. Franchisee shall defend, indemnify, and hold Company harmless from and against all claims arising out of or related to Franchisee's violation of the provisions of this Section.

8.15. Promotional Material. Franchisee will display at the Store premises all *(a)* product identification materials, *(b)* point-of-purchase promotional materials, *(c)* promotional memorabilia, merchandise and prizes, and *(d)* other advertising and marketing materials Company provides to Franchisee or makes available to Franchisee for purchase.

8.16. Store Image. Franchisee will maintain the Store (including adjacent public areas) in a clean, sanitary, orderly condition and in excellent repair and in accordance with Company's standards. Franchisee shall, at its 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 Company may reasonably direct. Franchisee shall purchase and install, at its expense, all fixtures, furnishings, equipment, decor, signs, and other items as Company may reasonably direct from time to time in the Operations Manual or otherwise in writing in accordance with Company's Standards and specifications.

8.17. Vehicle Standards. Franchisee will maintain the physical appearance and integrity of the Store and all vehicles used in connection with the Franchised Business in accordance with the Standards stated in the Operations Manual. All vehicles shall be maintained in excellent condition and repair.

8.18. Brand Standards/Quality Review. In order to protect the reputation and goodwill of the System, Marks and to maintain high standards of operation under the System ("Brand Standard"), Franchisee agree to comply strictly with all of our required Brand Standards. Franchisee acknowledge that the Brand Standards may relate to any aspect of the appearance, operation, and marketing of the Franchised Business. Any material failure to comply with the required Brand Standards or to pass our inspection will constitute a material breach of this Agreement. However, Franchisee acknowledge that Company has the right to vary their standards and specifications to accommodate the individual circumstances of different franchisees. Company's specifications do not constitute a warranty or representation, express or implied, as to quality, safety, suitability, fitness for a particular purpose or any manner. Company will not be liable to Franchisee or others on account of the designation of Brand Standards for the operation of the Franchised Business under the System.

The Company's representative may make visits to the Franchised Business to ensure compliance with all required standards, specifications and procedures. The Company's representative will be allowed to inspect the condition and operation of the Franchised Business and all areas of the franchised Business at any time during the business hours. Such inspections may include without limitations, conducting any type of audit or review necessary to evaluate the Franchisee's compliance with all required payments, standards, specifications or procedures. The Company may from time to time, make suggestions and give mandatory instructions with respect to operation of the Franchised Business, as the Company may consider necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the goodwill and image of the System. The Franchisee expressly agree that these visits will not imply that the Franchisee is in compliance with their obligations under this Agreement or under the law or that the Company waives their right to require strict compliance with the terms of this Agreement or the

Manual. Furthermore, such visits will not create any responsibility or liability on the Company's part. If the Franchisee requests that the Company make additional visits to the Franchised Business, the Franchisee shall pay the fees the Company establishes for such visits. the Franchisee shall also allow the Company to visit the Franchised Business with prospective franchisees during the Store business hours.

8.19. ADA Compliance. Franchisee, at its sole expense, shall furnish evidence satisfactory to Company that the Store is designed, constructed, and altered in compliance, at all times, with the requirements of the Americans With Disabilities Act of 1990, the regulations now or hereafter adopted pursuant thereto, and any and all applicable state or local laws, statutes, ordinances, rules and regulations concerning public accommodations for disabled persons now or hereafter in effect. Franchisee shall indemnify, defend, and hold harmless Company from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, reasonable attorney's fees and disbursements) arising from Franchisee's failure to comply with this obligation.

8.20. Quality Review/Mystery Shop. Franchisee will permit Company representatives to conduct unannounced Quality Reviews of the Store at any time during normal business hours. Franchisee will promptly correct any condition noted as "unsatisfactory" or "needs improvement" in a Quality Review or staff evaluation report.

8.21. Hours of Operation. Franchisee will maintain business hours and days of operation in accordance with the Standards, unless Company grants a written exception.

8.22. Regulations. Franchisee will comply strictly with all federal, state and local laws and government regulations applicable to the Franchised Business, including those relating to taxation, employment and promotion practices, motor vehicle operation and insurance, employee wages, child and immigrant labor, disabled persons, workers' compensation, environmental, truth-in-advertising, occupational safety and health, and sanitation.

8.22.1 In addition to complying with its obligations under this Agreement, Franchisee shall comply with all applicable federal, state, and local laws, rules, regulations, ordinances, and orders. Such laws, rules, regulations, ordinances, and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is Franchisee's sole responsibility to apprise itself of the existence and requirements of all such laws, rules, regulations, ordinances, and orders and to adhere to them at all times during the term of this Agreement. Failure to comply with applicable federal, state, and local laws, rules, regulations, ordinances, and orders is a material breach of this Agreement and Company reserves the right to terminate this Agreement immediately for cause and without an opportunity to cure.

8.23. Company Fiscal Year. Franchisee will (a) adopt and follow Company's fiscal year for accounting purposes, (b) adopt and follow the accounting principles, policies and practices Company prescribes, including use of Company's standard chart of accounts, (c) acquire, install and use the Information Systems Company specifies from time to time in the Operations Manual, (d) obtain and at all times utilize the services of a credit card processor approved by Company, (e) install and continually maintain a dedicated telephone line that facilitates communication between Company's computer system and Franchisee's Information Systems, and (f) furnish Company the dedicated line's telephone or other access number, as originally assigned and as changed from time to time.

8.24 Computer System. Franchisee shall purchase, install and maintain an electronic point of sale cash register system to record sales and transaction data (such as item ordered, price and date of sale). All POS System must be purchased from the designated or an approved supplier as communicated to you via operations manual or otherwise in writing by the Company. Franchisee shall use the POS System as a cash register system, a customer data system, an inventory system, an employee payroll and time maintenance system and a daily sales reporting system. Franchisee shall connect the POS System to a telephone line or other communications device that is capable of accessing the internet via a third-party network. The

Franchisee shall grant the Company the right to independently access all information and financial data recorded by the POS System for daily polling, audit and sales verification. There is no limitation on Company's right to access this information. Updates or replacement of the POS System, both hardware and software, may be required and Franchisee shall comply with all such requests promptly. Franchisee further acknowledges that there is no contractual limitation on the frequency or cost of these obligations.

8.24.1 The computer system and/or POS for your Franchised Business will be dedicated for the operation of your Sweet and Sassy Store and used for no other purpose.

8.25. Reporting. Franchisee will accurately calculate and report Gross Sales to Company at the times and through the procedures Company from time to time specifies (which may include a web-based reporting system and a daily reporting requirement). Franchisee acknowledges that Company may electronically poll the Franchised Business' Information Systems to obtain Gross Sales data, as well as other financial and operating information through the Sweet & Sassy POS system, which shall be available to Company 24 hours every day. There is no limitation on Company's right to access any such information. Franchisee agrees to maintain continual data network access to the Franchised Business' Information Systems for use by Company.

8.25.1 All sales must be processed through the approved POS systems and reported as gross sales and no other supplemental or secondary POS system may be used.

8.26. Tax Returns. Franchisee is solely responsible for the payment of all taxes owed by Franchisee and the preparation of all tax returns required to be filed by Franchisee. At Company's request, Franchisee will furnish Company copies of all federal and state income and sales tax returns filed by Franchisee with respect to the Franchised Business' income or sales.

8.27. Audit. Franchisee will permit Company, at any time during the Term and for three years after this Agreement expires or terminates, to conduct special audits of Franchisee's books and records relating to the Franchised Business operation. To assist Company in planning and conducting its audit program, Franchisee expressly authorizes Company to obtain from any vendor with which Franchisee does business copies of invoices and other sales data related to Franchisee's account with the vendor. If an audit establishes that Franchisee's Royalty Fees, Brand Development Fees, and/or reports or profit and loss statements have understated Gross Sales for any fiscal year by more than 2% or if Franchisee refuses to cooperate with the auditor by re-scheduling or denying access, Franchisee shall pay the audit's cost, including the travel, lodging and meal expenses of the individuals who conduct the audit. Otherwise, Company will bear the audit's entire cost. Franchisee shall promptly pay Company any Royalty Fee and marketing fee deficiencies established by an audit, together with interest as provided in Section 4.8.

8.28. Maintenance Requirement. Franchisee will maintain complete and accurate books and records relating to the operation of the Franchised Business, permit Company representatives to inspect such books and records and, within 45 days after the end of each fiscal year of the Franchised Business, submit to Company a balance sheet, income statement and statement of cash flow for the year then ended. These financial statements shall be prepared and certified by an independent certified public accountant, disclose separately the items specified by Company on forms it provides, and shall be prepared in accordance with the accounting principles and practices Company prescribes. If Franchisee is at any time required to furnish any lender, lessor, government agency or other Person audited financial statements with respect to the Franchised Business, Franchisee shall concurrently furnish Company a copy of such audited financial statements. In addition to the annual reports required above, no later than the last business day of the month following the close of each fiscal quarter (other than the fourth fiscal quarter), Franchisee shall deliver to Company an unaudited balance sheet as of the end of such fiscal quarter and an income statement for such fiscal quarter.

8.29. Insurance Coverage Requirements.

(a) Franchisee will carry continuously during the Term insurance of the types (including worker's compensation and various special liability coverage), in the amounts and with the coverage specified from time to time in the Operations Manual and in any lease between Franchisee and Company. Franchisee acknowledges that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect Franchisee from losses in connection with the Franchised Business. Nothing in this Agreement prevents or restricts Franchisee from acquiring and maintaining insurance with higher policy limits or lower deductibles than Company requires. Each policy must **(1)** be primary and non-contributory; **(2)** be issued by an insurance company(ies) with a rating of at least "AVII" in the current Best Insurance Guide or approved by Company; **(3)** name Company and such Affiliates of Company as Company may request as "additional insureds" and shall contain an "Additional Insured-Designated Person or Organization" endorsement (or equivalent), except for workers' compensation insurance only, without any qualifying language; **(4)** provide that the insurance cannot be canceled or non-renewed, except upon 30 days advance written notice to Company; **(5)** contain a waiver of subrogation rights of the insurer(s) against Company, which waiver shall be effective regardless of whether any loss is caused by the act, omission or negligence of Company; and **(6)** shall contain a "Waiver of Transfer Rights of Recovery Against Others" endorsement (or its equivalent). Company currently require the following minimum coverages:

(i) Commercial General Liability Insurance, including coverage for products-completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses, having a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; (ii) Non-owned automobile liability insurance and, if you own, rent or identify any vehicles with the marks or vehicles are used in the operation of the Franchised Business, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having limits for bodily injury of \$1,000,000 per person and \$1,000,000 per accident, and property damage limits of \$1,000,000 per occurrence, and you must name us as an additional insured and ask your carrier to give us a certificate of insurance as evidence of this coverage before any vehicle is put into use; and (iii) excess liability umbrella coverage for the general liability and automobile liability coverage in an amount of at least \$1,000,000 per occurrence and in the aggregate.

(ii) All-risk property insurance, including theft and flood coverage (when applicable), written at replacement cost value covering the building, improvements, furniture, fixtures, equipment and inventory. Coverage must be written in a value which will cover at least 80% of the replacement cost of the building and 100% of the replacement cost of the contents of the building.

(iii) Employer's Liability and Worker's Compensation Insurance, as required by state law.

(iv) Business interruption insurance of at least \$30,000 per month for loss of income and other expenses with a minimum of at least six months of coverage.

(v) Company reserves the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that Company is named as additional insured on these cybersecurity insurance policies.

(b) Franchisee shall furnish Company certificates of insurance, all insurance policy endorsements and a copy of the insurance policy(ies), if requested by Company to prove that such insurance coverage is in effect, both prior to the opening of the Store and thereafter, as requested by Company. Renewal insurance certificates of insurance shall be delivered to Company 30 days prior to the expiration date of each insurance policy. All deductible amounts on all insurance policies required hereunder shall be disclosed in writing to and approved in advance by Company and noted on the applicable insurance certificate. If Franchisee fails to maintain the required insurance, Company may, but will not be obligated to, obtain coverage on Franchisee's behalf and charge the cost to

Franchisee. Franchisee agrees to reimburse Company for the premium costs it incurs to provide such coverage, plus interest as provided in Section 4.8, within 10 days after Company submits a statement for its costs.

8.30. **Indemnity.** Franchisee and each Principal will indemnify, hold harmless and timely defend Company, Company's Affiliates and their respective officers, directors, shareholders, partners, employees, agents, successors and assigns (collectively, "**Indemnified Parties**") from and against any and all claims, demands, legal proceedings, administrative inquiries, investigations and proceedings, damages, losses, judgments, settlements, fines, penalties, remedial actions, costs and expenses (including attorneys' fees) asserted against, incurred or sustained by any Indemnified Party, whether or not separately insured, that arise out of any acts, errors, or omissions of Franchisee, the Principals, Franchisee's Affiliates, independent contractors, and employees of Franchisee and Franchisee's Affiliates and any such other third parties without limitation and without regard to the cause or causes of the acts, errors, or omissions or the negligence (whether that negligence is sole, joint, or concurrent, and whether active or passive) or strict liability of Company or any other party or parties arising out of or in connection therewith, including but not limited to Franchisee's operation of the Franchised Business, any agreement between Franchisee and/or any of its Principals and a third party, the training that Franchisee, any of its Principals, General Managers, or employees receive from Company, or use of any Internet site or intranet network Company develops or acts or claims arising from this Agreement.

8.30.1. Company may elect (but under no circumstance will be obligated) to undertake or assume the defense of any such claim, demand, inquiry, investigation or proceeding (an "**Indemnified Matter**"), and to conduct and supervise all settlement negotiations related to any Indemnified Matter. However, Franchisee will pay the legal fees and other expenses Company incurs in connection with the investigation, defense and settlement of any Indemnified Matter Company undertakes to defend or assume. Company's election to undertake or assume the defense or settlement of an Indemnified Matter will in no way or circumstance extinguish or diminish Franchisee's obligation to indemnify and hold the Indemnified Parties harmless.

8.31. **Data Security and Privacy.** Franchisee must comply with all applicable federal, state and local laws, rules, and regulations regarding data security, protection, and privacy, including, without limitation and if applicable, the California Consumer Privacy Act ("CCPA"), Cal. Civ. Code § 1798.100, et seq. Franchisee must comply with any privacy policies, data protection policies, and breach response policies that Company periodically may establish. Franchisee must notify Company immediately regarding any actual or suspected data breach at or in connection with the Franchised Business. Further, whenever and to the extent Franchisee operates as a "Service Provider" under the CCPA or in a similar capacity under any other applicable federal, state, or local privacy law, Franchisee represents, warrants, and covenants that:

- (a) Franchisee will not sell, make available or otherwise disclose any customer's "Personal Information" (as defined in the CCPA) to any third party for valuable consideration;
- (b) Franchisee will retain, use, or disclose Personal Information only for the specific purpose of performing the services specified in this Agreement, and not any commercial or noncommercial purpose other than providing the services specified in this Agreement;
- (c) Franchisee will not retain, use, or disclose Personal Information outside of the direct business relationship between Franchisee and the Company;
- (d) Franchisee will delete any Personal Information upon Company's request unless Franchisee can prove that such request is subject to an exception under applicable law; and
- (e) Franchisee certifies that it understands and will fully comply with the restrictions of this section. Franchisee also acknowledges and agrees that the Company may modify the restrictions by written notice to Franchisee, including adding other similar privacy restrictions that may be required under other federal, state, or local privacy laws.

8.32. Customer List. Franchisee agrees that the list of the names, addresses and other information regarding Franchisee's current clients, former clients, and those who have inquired about the services provided by Franchisee (the "Customer List") shall be included in the Confidential Information, shall be the property of Company, and shall constitute a trade secret of Company. Franchisee agrees that Franchisee may not disclose the Customer List, or any portion thereof, to any person other than the Company, either during the term of this Agreement or thereafter as required by Section 15.

8.33. Personal Information. In this Section "Customer Data" means Personal Information (as defined below), sales and payment history, and all other information about any person or entity the Franchised Business has serviced, wherever stored, including data regarding customers of businesses converted as a Franchised Business, and any other information that, by itself or in conjunction with other information, may be used to specifically identify an individual, such as name, physical address, telephone number, e-mail address, social media account, billing and payment history, customer service requests, and any other Information as defined in applicable law, and "Business Data" means all financial reports, vendor and supplier pricing data, and all other data about the Franchised Business other than Customer Data. Franchisee acknowledges and agrees that:

- (a) Company has the right to independently access all Business Data, wherever maintained. Company also has the right to require Franchisees to deliver Business Data to Company. Company has the right to use (and to authorize others to access and use) Business Data to, among other uses: (i) verify sales, (ii) monitor progress of its franchisee, including compliance with minimum performance requirement; (iii) prepare a financial performance representation for Company's Franchise Disclosure Document; and (iv) share vendor and supplier pricing data with its affiliates.
- (b) Company owns and has the right to access all Customer Data, in whatever form existing, and wherever stores. Because we own the Customer Data, including Personal information, we can share it with our affiliates, service providers, contracted third parties, or any other person, for any purpose, without notifying or compensating Franchisee, both during and after this Agreement, including for the performance of services the Company or its parents or affiliates, as well as for marketing and cross-selling products and services of any of the foregoing parties. Whenever Company requests, and without request upon termination or expiration of this Agreement, Franchisee are required to promptly deliver to Company all Customer data in Franchisee's possession or control, without retaining any of Customer Data in any media. Franchisee may not sell or disclose to anyone else any Personal Information or aggregated or non-aggregated Customer Data without first obtaining our written consent. In the event of an approved sale of the Franchised Business to a new owner who will continue to operate the Franchised Business under an agreement with Company, Franchisee may not transfer the Customer Data to the new owner. Franchisee agrees to install and maintain the security measures and devices necessary to protect Customer Data from unauthorized access or disclosure, including (but not limited to) the minimum measures in Section.

9. ADVERTISING AND PROMOTIONS

9.1. Grand Opening. Franchisee shall expend the Grand Opening Ad Expenditure within and during the 90 days following the commencement of operations of the Franchised Business for an initial opening advertising and promotion program to be conducted in accordance with the Company's Standards, and shall include at least one day-long grand opening event to be held within the first 60 days of operation. Franchisee shall submit the grand opening advertising budget to Company for approval at least 60 days prior to expending the Grand Opening Ad Expenditure. The Grand Opening Ad Expenditure shall be paid directly to the applicable service providers and not to Company. Franchisee shall submit proof of the Grand Opening Ad Expenditure upon Company's request.

9.2. Brand Development Fee.

Company has established and administers a System-wide brand development, advertising, and marketing fee to facilitate regional and national advertising and marketing efforts (“Brand Development Fee”). Franchisee shall contribute an amount specified on the Summary Page, which shall increase by up to 10% every year upon written notice by the Company. Brand Development Fee shall be paid at the time and in the manner provided for Royalty Fees. Company shall notify Franchisee at least 10 days before changing Brand Development Fee requirements. The Brand Development Fee monies shall be maintained and administered by Company or its designee as follows:

9.2.1. Company shall oversee all marketing programs, with sole control discretion over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Company does not warrant that any particular franchisee will benefit directly or pro rata from expenditures of the Brand Development Fee monies. The program(s) may be local, regional or System-wide. Company does not warrant the success or effectiveness of any particular marketing program.

9.2.2. Franchisee’s Brand Development Fees may be used to meet the costs of, or to reimburse Company for its costs of, any cost of conducting market research, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, intranet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; developing and/or hosting an Internet and/or intranet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). Brand Development Fees will not be used to defray Company’s general operating expenses, except for such reasonable costs and expenses, if any, that Company may incur in activities reasonably related to the administration of the Brand Development Fee monies. Brand Development Fees will not be used for creating or placing any advertisement that is principally a solicitation for new franchisees, but Company may include in all advertising prepared using Brand Development Fee monies (including Internet advertising) information concerning franchise opportunities, and a portion of Brand Development Fee monies may be used to create and maintain one or more pages on Company’s web site devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.

9.2.3. Franchisee acknowledges that there is no requirement that the Brand Development Fee monies be audited. The Brand Development Fee account is not a trust or escrow, and neither Company nor their Affiliates have any fiduciary obligation in administering the Brand Development Fee monies or for any other reason.

9.3. Local Advertising.

- (a) Franchisee agrees to spend at least the Minimum Local Advertising Expenditure, in accordance with Company’s Standards, to advertise and promote the Franchised Business locally. Any amounts contributed to an Area Cooperative will be credited toward satisfaction of the Minimum Local Advertising Expenditure obligation. Within 30 days after the end of each fiscal quarter, Franchisee shall submit a local area marketing report (“**LAM Report**”) to Company on a form Company provides. Each LAM Report shall show the amount Franchisee spent for local advertising and promotions during the preceding quarter and the way Franchisee spent those funds. Upon Company’s request, Franchisee shall also submit documents substantiating that Franchisee incurred and paid particular expenditures during the quarter.
- (b) Franchisee agrees to participate in all system-wide promotions Company originates and in all system-wide advertising campaigns Company creates. Should Franchisee create its own local advertising and promotions, Company reserves the right to approve in advance of use by Franchisee any graphic materials or commercials developed by Franchisee and the media in which they are placed.

9.4. Area Cooperatives.

- (a) At the time the DMA in which the Store is located encompasses stores operated by at least two franchisees or some combination of franchisees and the Company, then, immediately upon Company's request and with its advice and assistance, such operators will form a cooperative advertising association among themselves (an "**Area Cooperative**") for the purpose of jointly advertising and promoting their Franchised Businesses.
- (b) If, in connection with an Area Cooperative's formation or functioning, its members are unable to reach agreement with respect to any issue concerning organization, administration, contribution waivers or exceptions, budget or other matters that the members cannot resolve within 45 days, the issue will be referred to Company for resolution. Company's decision with respect to the issue's resolution will be binding on all members of the Area Cooperative.
- (c) Franchisee agrees (1) to join, (at the later of execution of this Agreement or formation of an Area Cooperative for the DMA in which the Store is located) participate in, and actively support any Area Cooperative established in the Store' DMA, and (2) to make contributions to each Area Cooperative on the payment schedule adopted by the Area Cooperative's members and at the contribution rate approved by Company.

9.5. Joint Venture/Cross Promotion. Company may from time to time enter into agreements with youth organizations and/or other nonprofit or youth-oriented businesses for purposes of developing joint ventures or cross promotions ("Joint Ventures"). Franchisee shall participate in all Joint Ventures according to the terms and conditions prescribed by Company which may include, among other things, offering promotional pricing and/or making purchases or other expenditures necessary to support the program.

9.6. Loyalty Programs, Prize Promotions and Promotional Literature

- (a) Franchisee shall participate in and offer to customers: (1) all customer loyalty and reward programs; (2) all contests, sweepstakes and other prize promotions, which Company may develop from time to time; and (3) all promotional pricing, or similar promotions, which Company may implement from time to time. Company will communicate in writing the details of each such program and promotion, and Franchisee shall promptly display all point-of-sale advertising and promotion-related information at such places within the Store as Company may designate. Franchisee shall purchase and distribute all coupons, clothing, toys and other collateral merchandise (and only the coupons, clothing, toys and collateral merchandise) designated by Company for use in connection with each such program or promotion.
- (b) Franchisee also shall display at the Store premises all promotional literature and information as Company may reasonably require from time to time. This may include, among other things, establishing a bulletin board for posting local school and community events and displaying signage or other literature containing information about the SWEET & SASSY franchise offering.

9.7. Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding the Franchised Business or any particular incident or occurrence related to the Franchised Business, without the Company's prior written approval.

9.8. Association with Causes. Franchisee shall not in the name of the Franchised Business, its Store, other Stores, or System (a) donate money, products, or services to any charitable, political, religious, social movement, or other organization, or (b) act in support of any such organization or social movement, without the Company's prior written approval.

9.9. Franchisee shall operate the Franchised Business so that it is clearly identified and advertised as SWEET & SASSY Store. Franchisee shall use the trademark "SWEET & SASSY" and the other Marks which now or hereafter may form a part of the System, on all signs, suppliers, business cards, uniforms, advertising materials, Technology platforms, signs and other articles in the identical combination and

manner as the Company may prescribe in writing. Franchisee shall comply with all trademark, trade name, service mark and copyright notice marking requirements and Franchisee shall supply to the Company samples or photographs upon the Company's request.

10. INTERNET/SOCIAL MEDIA

10.1. Website. Company has established and plans to maintain the Website to provide information about the Franchise and the products and services that Franchised Businesses offer. Company has control over the Website's design and contents. Company has no obligation to maintain the Website indefinitely, and may dismantle it at any time without liability to Franchisee. The Website includes a series of interior pages that identify participating Franchised Businesses by address and telephone number. At Franchisee's request and upon Franchisee's execution of a terms of use agreement in a form provided by Company, Company will, technology permitting, include at the Website one or a series of interior pages dedicated to information about the Franchised Business. Franchisee may propose the content of the page(s), but such content must be developed by Company or its webmaster at Franchisee's expense, with a template that Company provides and will be subject to Company approval prior to posting as to form, content and programming quality. Franchisee will not have the capability to modify its page(s) except in coordination with Company's webmaster and in compliance with the Standards. Franchisee will have no right, license or authority to use any of the Marks on or in connection with the Internet, except as stated in and permitted by Sections 10 and 12 and Attachment D1 of this Agreement. All customer contact information, including but not limited to e-mail addresses and social media user names, is the exclusive property of Company and Franchisee may neither sell customer contact information nor use it for any purpose other than the promotion of the Franchised Business.

10.2. Intranet. Company may, at its option, establish and maintain a so-called intranet through which members of the Business Network may communicate with each other and through which Company may disseminate updates and supplements to the Operations Manual, confidential information and other directives and instructions to franchisees. Company will have no obligation to maintain the intranet indefinitely, and may dismantle it at any time without liability to Franchisee.

10.3. Social Media Accounts. At Franchisee's request and upon Franchisee's execution of a terms of use agreement in a form provided by Company, Company may, technology permitting, create a Social Media account and license the account to Franchisee for use in promoting the Franchised Business while this Agreement is in effect. Franchisee shall follow Company's mandatory specifications, standards, operating procedures, and rules for using Social Media in connection with Franchisee's operation of the Franchised Business and Franchisee agrees to comply with any Social Media policy Company implements. Company shall own all Social Media accounts used in operation of the Franchised Business and shall allow Franchisee's access and use only in strict compliance with Company's rules. Company reserves its right to remove Franchisee's access to Social Media accounts at any time at its sole discretion. Upon termination of this Agreement for any reason, Franchisee's access to all Social Media accounts will terminate. The term "**Social Media**" includes, without limitation, blogs; common social networks such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, TWITTER, or YOUTUBE; internet listing sites such as WIKIPEDIA, GOOGLE, FOURSQUARE, and YELP; applications supported by mobile platforms such as iOS and Android; virtual worlds; file, audio, and video-sharing sites; and other similar internet, social networking, or media sites, mobile platforms, or tools.

10.4. Technology. Franchisee acknowledges and agrees that technology is constantly changing. Technologic devices and computer systems are always being updated, improved, replaced, and discontinued. Consequently, computer systems are sometimes incompatible and are susceptible to Internet, computer system, and communication failures. By entering into this Agreement, Franchisee assume all of the risk of all such issues and technology failures, which it acknowledges may affect its ability to order or receive products or to conduct business, and Franchisee acknowledges that Company is not responsible for any damages caused by such issues or technology failures, including lost sales or profits.

10.4.1 Consistent with the foregoing, among other things, the Company reserves the right periodically to undertake technology initiatives, the purpose of which would be to enhance the technology associated with the franchise system including, without limitation, enhanced internet capability, use of proprietary digital applications and enhanced support services. Although the Company cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over the remaining term of this Agreement, Franchisee agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions or modifications) and required service or support. Company has no obligation to reimburse Franchisee for any Computer System costs. As otherwise permitted in this Agreement, Company may access the Computer System and retrieve all pertinent information relating to the operation of the Store in areas that we have the ability to control and/or remedy.

10.4.2 Notwithstanding the fact that Franchisee must purchase, use, and maintain the Computer System consistent with our standards and specifications, Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, updates and upgrading of the Computer System, including compliance with the standards that we periodically require; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; (3) the installation, maintenance and support of the Computer System, although the Company may from time to time require or recommend third parties to provide these functions; and (4) any and all consequences that may arise if the Computer System is not properly operated, maintained and upgraded, including but not limited to virus and spyware issues.

10.4.3 All of Franchisee Computer Systems must be compliant with all applicable laws, regulations, and commonly accepted industry standards, including without limitation those laws, regulations, and commonly accepted industry standards relating to privacy, data security, and the processing and protection of confidential personal information, including without limitation the Payment Card Industry Data Security Standards and all other standards applicable to electronic payments that may be published from time to time by payment card companies.

10.5 Information System and Technologies

10.5.1 Company may designate the information system used in the Franchised business, including the computer hardware, software other equipment and enhancements (the "Information System"). If the Franchisee suspect or know of a security breach, the Franchisee shall immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at the Franchisee's expense. The Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the franchise business unless otherwise directed by the Company.

The Franchisee is solely responsible for protecting itself from disruptions, internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and the Franchisee waives any and all claims the Franchisee may have against the Company and its affiliates as the direct or indirect result of such disruptions, security breach and promptly identify and remediate the source of any compromise of security breach at the Franchisee's expense. The Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchise Business, unless otherwise directed by the Company.

10.5.2. The Franchisee hereby release and agree to release and hold the Indemnified Parties, harmless from and against any and all claims, liability, damages or causes of action of any nature arising from or in connection with the installation, maintenance or operation of the Information System and its billing and payment processing, except to the extent arising from such party's gross negligence or intentional acts.

10.5.3. All of the information the Company or its affiliates obtain from the Franchisee or about the Franchised Business, and all information in the records or concerning the members of the Franchised Business (“the Information”) and all revenues the Company derive from the Information will be the Company’s property. However, the Franchisee may at any time during the term of this Agreement use in the operation of the Franchised Business (but for no other purpose), to the extent lawful and at the Franchisee’s sole risk and responsibility, any information that the Franchisee acquire from third parties in operating your Franchised Business, such as customer data. The information (except for information the Franchisee provide to the Company or its affiliates with respect to the Franchisee and the Franchisee’s affiliates, including the Franchisee’s respective officers, directors, shareholders, partners or equity members of the entity) will become the Company property which the Company may use for any reason as the Company deems necessary or appropriate in its discretion. The Franchisee hereby authorizes the Franchisee’s payment processor to release the information to the Company at any time. Following termination or expiration of this Agreement the Franchisee will no longer use any of the Information, except to comply with the Franchisee’s post-term obligations under this Agreement and the Franchisee authorize the Franchisee’s payment processor to release the Information exclusively to the Company and/or its designees.

11. TERM AND SUCCESSOR AGREEMENT

11.1. Term. The Franchise will continue for the Term identified on the Summary Page, subject to earlier termination in accordance with Sections 14 and 15. Franchisee shall have the right to two additional consecutive five-year renewal terms subject to Franchisee’s compliance with Section 11.2 and other provisions of this Agreement.

11.2. Successor Term. If, upon the expiration of each of **(a)** the Term and **(b)** the five year term of the first successor franchise agreement, Franchisee is in compliance with all material terms and provisions of this Agreement and has satisfied all monetary and other obligations owed to Company, its Affiliates and third party suppliers, Franchisee shall have the option to enter into a consecutive successor franchise agreement for a term of five years (thus, resulting in the execution of not more than two successor franchise agreements of five years each), by **(1)** notifying Company of Franchisee’s intention to enter into such successor agreement not earlier than 240 days nor later than 210 days before the then-current franchise agreement’s scheduled expiration date, **(2)** signing Company’s then-current successor form of franchise agreement (which will define Franchisee’s subsequent successor rights and the terms of which may be materially different from this agreement, including new and higher fees), **(3)** executing a general and full release of all claims against Company, its Affiliates, and their respective officers, directors, shareholders, partners and employees, **(4)** not later than 210 days before the then-current franchise agreement’s scheduled expiration date, completing the remodeling, refurbishing and modernizing of the Store interior and exterior, including its furniture, fixtures, signs, equipment, Information Systems and Trade Dress, to conform to the Standards Company then stipulates, **(5)** paying the Successor Fee prior to execution of the successor term then-current franchise agreement, and **(6)** complying with Company’s then-current qualifications and training requirements as Company deems necessary.

11.3. Franchisee’s failure or refusal to comply with any of the conditions to execute a successor franchise agreement stated in Section 11.2 will be interpreted as a conclusive, irrevocable election on Franchisee’s part not to enter into a successor franchise agreement.

11.4. The relationship between Company and Franchisee during the successive periods will be governed by the provisions of Company’s then current successor franchise agreement, including those pertaining to royalties, advertising, competitive protection and Standards. Whether or not Franchisee actually signs a then current successor franchise agreement, Franchisee will be conclusively presumed to have assented to and to have agreed to be bound by its terms by continuing to operate the Franchised Business for one day past the Term’s expiration date.

11.5. If Franchisee does not qualify to enter into a successor franchise agreement, or elects not to do so, immediately after expiration of the Term, Franchisee must comply with the requirements of Section 15, and Company will have the rights and remedies provided in Section 15.

11.6 Holdover Fee/Operation after Expiration of Term. If this Agreement expires and Franchisee continues to operate the Sweet and Sassy Store after expiration, the Company may, at its option declare Franchisee to be holding over. In such event, the terms of this Agreement will govern the parties' relationship, provided that: (a) either party may terminate the relationship at any time during the holdover period, for any reason or for no reason, by delivering to the other party written notice of termination; and (b) the Royalty Fees due and payable during such holdover period shall be 150% of the Royalty Fees due and payable under this Agreement.

12. USE OF INTELLECTUAL PROPERTY

12.1. Franchisee acknowledges that Company is authorized by law to prevent the unauthorized use of the Marks, to control the quality of goods and services associated with the Marks, and to control the copying and distribution of the Copyrighted Materials. Recognizing the importance to Company and other members of the Business Network of the protection and preservation of the Marks and Copyrighted Materials, Franchisee agrees to perform and abide by the following provisions:

- (a) Franchisee acknowledges that Company's Affiliate is the lawful and rightful owner of each and all of the Marks and the Copyrighted Materials, that Company has, by this Franchise Agreement, licensed the Marks to Franchisee to use the Marks and Copyrighted Materials in accordance with this Agreement, that Franchisee's interest in the Marks and the Copyrighted Materials is solely that of a franchisee and that all uses of the Marks and the Copyrighted Materials by Franchisee will inure to the benefit of Company for purposes of trademark and copyright law. Franchisee unconditionally disclaims any ownership interest in any of the Marks and the Copyrighted Materials.
- (b) Franchisee shall not use any Marks, or any abbreviation, acronym or variation of them as part of its name or as part of the name of any Business Entity in which Franchisee owns or holds an interest. However, Franchisee may, if required by law, file an assumed name or fictitious name certificate to the effect that Franchisee is operating the Franchised Business under a trade name that includes the SWEET & SASSY service mark.
- (c) Franchisee shall not use any of the Marks or the Copyrighted Materials in connection with the advertisement, promotion, sale or distribution of any products or services that Company has not approved for sale in conjunction with the Marks.
- (d) Franchisee shall not copy, distribute or otherwise disseminate any of the Copyrighted Materials in violation of the restrictions and limitations imposed by this Agreement.
- (e) Franchisee shall (1) adopt and use all additional trade names, trademarks, brand names, copyrighted materials, slogans, commercial symbols and logos Company develops from time to time, (2) use all the Marks in the precise form Company prescribes, and (3) observe Company directions regarding the use, copying and distribution of the Copyrighted Materials, the presentation of the Marks and the manner of the Marks' display and use. If Company in its sole discretion require you to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks. You agree to comply with Company's directions within a reasonable time after receiving notice of such changes. Company is not required to reimburse you for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for your expenses in promoting a modified or substitute trademark or service mark. Franchisee shall promptly abandon and discontinue the use of any Mark or Copyrighted Materials that Company judges to be obsolete or no longer characteristic of the image Franchised Business should project. Franchisee shall submit to Company all paper goods,

advertisements and promotional materials not furnished by Company for its approval prior to use and shall use no such item unless and until Company provides its approval thereof.

- (f) Franchisee shall not use any of the Marks on any products or services other than in strict compliance with the Standards, and with such other quality control measures that Company may adopt to promote and defend the goodwill associated with the Marks.
- (g) Franchisee shall not permit, and shall promptly report to Company, any apparently unauthorized use of a Mark and any apparently unauthorized use or copying of any Copyrighted Materials by any Person, or the use by any Person of a trade name, trademark, service mark or symbol that might be construed as an infringement of any Mark or as unfair competition or passing-off at common law, and shall actively cooperate with the Company in the investigation of infringement claims and in discovery and trial proceedings related to infringement actions. Company reserves the right to make the final determination of infringement or other unlawful use, to conduct all legal proceedings relating to the Marks and the Copyrighted Materials, and to compromise or settle all infringement claims.
- (h) At no time shall Franchisee make any written or oral admission that a Mark or any of Company's copyrights is in any way invalid or infringes the rights of any Person or is open to any other form of attack, but shall promptly notify Company of any allegation of invalidity or infringement of which Franchisee becomes aware. Company intends to defend its rights in the Marks and the Copyrighted Materials vigorously, but does not warrant to Franchisee that Company's ownership of any of them is incontestable or that they do not infringe or conflict with the rights of any third party.
- (i) Upon the expiration or termination of the Franchise, Franchisee shall immediately discontinue all further uses of the Marks and Copyrighted Materials and shall take appropriate action to remove the Marks from the premises in which the Store is located, to cancel any advertising relating to Franchisee's use of the Marks or the Copyrighted Materials, including yellow pages listings, and to cancel or withdraw any assumed or fictitious name filings covering Franchisee's use of Company's trade name. Franchisee acknowledges and agrees that failure or refusal to comply with these requirements will constitute willful trademark and copyright infringement.
- (j) Franchisee shall use only the Marks designated by Company, shall use them only in the manner that Company authorizes and permits, and shall use them with the symbols “®”, “™”, or “SM”, as appropriate. Franchisee shall use the Marks only in connection with the operation and promotion of the Franchised Business. Franchisee may not contest ownership or validity of the Marks or any registration thereof, or engage in any conduct that adversely affects the ownership or registration of the Marks, or Company's right to use or to sublicense the use of the Marks. Franchisee shall execute all documents that Company requests in order to protect the Marks or to maintain their validity and enforceability.
- (k) Franchisee may not use the Marks or any part or derivative thereof or any of Company's Copyrighted Materials on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, Franchisee may not use the Marks or any part or derivative of the Marks as part of any URL or domain name, and may not register the Marks or any part or derivative of the Marks as part of any user name on any gaming website or social networking website (such as FACEBOOK, INSTAGRAM, or TWITTER), whether or not such social media platform is used for commercial gain, or as part of any unauthorized email address. Franchisee also may not display on any website (including commercial websites, gaming websites, and social networking websites) Company's Copyrighted Works, which include the design portion of its Marks, or any items or collateral merchandise identified by the Marks.

12.2. Franchisee and the Principals acknowledge that the System and the Trade Secrets belong exclusively to Company and that the ideas and information in the Operations Manual are Company's sole and exclusive property. Franchisee and the Principals further acknowledge that the unauthorized disclosure or use of any confidential element of the System, any Trade Secret or any other information the Operations Manual contains may adversely affect the business, competitive position and goodwill of Company and its franchisees. Accordingly, Franchisee and the Principals agree to perform and abide by the following provisions and restrictions, each of which shall survive the expiration or termination of this Agreement and shall be perpetually binding upon Franchisee.

12.3. Franchisee and the Principals shall hold the elements of the System, the Trade Secrets and the contents of the Operations Manual in strict confidence, shall not disclose any Trade Secret or any operating or management procedure to any Person other than Franchisee's General Manager and bona fide employees of the Franchised Business to whom such disclosure is necessary in relation to their job duties, and shall instruct and routinely remind Franchisee's employees that the System, the Trade Secrets and the contents of the Operations Manual are confidential and may not be disclosed or appropriated. If Franchisee is a Business Entity, it will not disclose any element of the System, any of the Trade Secrets or the contents of the Operations Manual, or make the Operations Manual available, to any shareholder, director, officer, partner, member or manager of Franchisee other than its General Manager and other senior executive officers, if any, who are actively and regularly involved in the Franchised Business' management.

12.4. Franchisee and the Principals shall not use any element of the System, any of the Trade Secrets or the operating, management or marketing procedures the Operations Manual contains in connection with the operation of any establishment or enterprise other than the Franchised Business, and shall promptly discontinue use of the System, the Trade Secrets and the operating, management and marketing procedures the Operations Manual contains upon the expiration or termination of the Franchise.

12.5. Franchisee and the Principals shall not, without Company's prior written consent, copy or permit any Person to copy or reproduce any part of the Operations Manual and any other printed, graphic or audio/visual item designated by Company as containing Trade Secrets or otherwise permit their use or inspection by any Person other than Franchisee, the General Manager, bona fide employees of the Franchised Business to whom such disclosure is necessary in relation to their job duties, and authorized Company representatives.

12.6. Franchisee and the Principals acknowledge and agree that the version of the Operations Manual on file in Company's offices constitutes the standard, official version for purposes of resolving any question or dispute concerning the Operations Manual's contents.

12.7. Franchisee shall obtain from each of Franchisee's General Managers, supervisors and managerial level employees of the Franchised Business or any other employee that Company may require a Confidentiality Agreement and Covenant Not to Compete in substantially the form attached hereto as Attachment F, or such other form as Company may designate, that is valid and enforceable under the laws of the state in which the Franchised Business operates and that imposes the restrictions and limitations of this Section 12 on each such individual for the longest period applicable law permits. Each confidentiality agreement shall designate Company as, at Company's option, a party to the confidentiality agreement or as a third party beneficiary and shall entitle Company to enforce its provisions directly against the signatory General Manager, supervisor or manager.

12.8. Franchisee shall keep the Operations Manual and any other printed, graphic or audio/visual item designated by Company as containing Trade Secrets in the Franchised Business at all times and shall promptly return them to Company upon the expiration or termination of the Franchise.

12.9. Franchisee and the Principals expressly acknowledge that all employee training materials (including video cassettes and CD-ROM disks) and all computer programs developed by Company or in

accordance with its Standards contain information, embody procedures or facilitate business practices that are proprietary to Company and fall within the parameters of its Trade Secrets.

12.10. Franchisee and the Principals acknowledge that Company is the lawful, rightful and sole owner of the www.sweetandsassy.com domain name and unconditionally disclaim any ownership interest in those phrases or any colorable, similar Internet domain name. Franchisee and the Principals agree not to register any Internet domain name in any class or category that contains the words "Sweet and Sassy," "Sweet" or "Sassy" or any abbreviation, acronym or variation of those words.

13. TRANSFERS

13.1. Franchisee acknowledges that the integrity of the Franchise and the stability of the Sweet & Sassy System depend on the business qualifications, financial capabilities, honesty and integrity of Company's franchisees. Franchisee further acknowledges that Company's lack of opportunity to evaluate and approve each potential franchisee's qualifications and the terms of each proposed Transfer could irreparably damage the System. Consequently, Franchisee acknowledges and agrees that it may not effectuate a Transfer, except as permitted by this Section 13, and in any such case, without Company's prior written consent. Any Transfer or attempted Transfer lacking Company's prior written consent or that otherwise violates the restrictions in this Section 13 will be ineffective against Company and will constitute a default under Subsection 14.2(s).

13.2. Conditions to Transfer. Neither Franchisee nor any Principal shall effectuate an Asset Transfer before the Store opens for business under any circumstances. After the Store opens for business, any Asset Transfer will be subject to Company's prior written consent, which will be conditioned on the following:

- (a) At the time of Asset Transfer, Franchisee is in compliance with Franchisee's obligations under this Agreement and all other agreements between Franchisee and Company, including payment of all monetary obligations due Company.
- (b) The proposed Asset Transfer involves the complete disposition of the Franchise, and Franchisee relinquishes the Franchise and related rights under this Agreement in writing.
- (c) Franchisee returns the Operations Manual and all Copyrighted Materials to Company.
- (d) The transferee meets Company's then-current criteria for qualifying as a new franchisee.
- (e) Franchisee furnishes Company a copy of the contract of sale, including price and payment terms, and Company determines that the transferee will be able to satisfy any debt obligations to Franchisee and still derive a reasonable profit from the Franchised Business' operation.
- (f) The transferee provides Company pro forma profit and loss and cash flow projections for the 24 months following the Asset Transfer (including provision for principal and interest on any obligations payments to Franchisee). These projections must demonstrate to Company's satisfaction that the transferee can operate the Franchised Business without experiencing a loss or negative cash flow. If these projections indicate that the transferee may experience a loss or negative cash flow, but Franchisee and the transferee prevail upon Company to approve the Asset Transfer nonetheless, the transferee must, at Company's option, waive any claims against Company related to Company's approval of an economically questionable transaction.
- (g) The transferee executes then-current forms of franchise agreement (which will supersede the terms of this Agreement and the terms of which may be materially different than the terms of this Agreement and may include, among other things, new or different fees), Assignment of Telephone Numbers, Social Media Accounts License Agreement, ACH Authorization Agreement for Pre-Authorized Payments, and other collateral agreements Company may then require.
- (h) The transferee upgrades the Store and any vehicles used in the Franchised Business to meet Company's then-current Standards for new Franchised Businesses.

- (i) The transferee provides Company a waiver and release with respect to liability for any financial data, earnings claims, representations and other information Franchisee or its representatives provided the transferee.
- (j) Each Principal executes a Personal Guaranty and Principals' Undertaking.
- (k) The transferee and the transferee's General Manager satisfactorily complete Company's training program.
- (l) Company receives a Transfer Fee as contemplated in the Summary Page.
- (m) Franchisee and each of its Principals must provide to Company an unconditional, general release of all claims it may have against Company, its Affiliates, and their respective officers, directors, shareholders, partners and employees.
- (n) Franchisee agrees to remain liable for all obligations that accrued under this Agreement prior to the effective date of the transfer, and it shall continue to remain responsible for its obligations of nondisclosure, noncompetition and indemnification as provided elsewhere in this Agreement, and all other obligations that survive termination, expiration or transfer, and shall execute any and all instruments reasonably requested by Company to further evidence such obligation.

13.3. No involuntary Asset Transfer or partitioning of Franchisee's or the Principals' interest in the Franchise or under this Agreement, whether in connection with a bankruptcy, foreclosure, divorce or other proceeding, will be effective against Company unless (a) and until the transferee furnishes Company a signed guaranty under which the transferee agrees to be jointly and severally liable for the payment of Franchisee's monetary obligations under this Agreement, whether or not such obligations are then delinquent, (b) and until the transferee agrees in writing to be personally bound by the confidentiality provisions and restrictive covenants in this Agreement, and (c) the Asset Transfer encompasses Franchisee's and the Principals' total interest in the Franchise and under this Agreement, irrevocably designates and appoints Franchisee to be the transferee's agent and attorney-in-fact with whom Company may deal for all purposes expressed in or contemplated by this Agreement.

13.4. Neither Franchisee nor any Principal shall effectuate an Ownership Interest Transfer before the Store opens for business under any circumstances. After the Store opens for business, any Ownership Transfer will be subject to Company's prior written consent, which will be conditioned on the following:

- (a) At the time of the Ownership Interest Transfer, Franchisee is in compliance with its obligations under this Agreement, including payment of all monetary obligations due Company.
- (b) Each principal of proposed transferee meets Company's criteria for qualifying as a new franchisee and delivers a signed Personal Guaranty and Principals' Undertaking.
- (c) If the Ownership Interest Transfer involves Control of the Ownership Interests in Franchisee, the transferees comply with Subsections 13.2(e), 13.2(f), 13.2(g), 13.2(h), 13.2(i), 13.2(j) and 13.2(k).
- (d) If Company agrees to release Franchisee from further liability under this Agreement or its Principals from further liability under a Personal Guaranty and Principals' Undertaking, Franchisee and each of its Principals must also give Company an unconditional, general release of all claims they may have against Company, its Affiliates, and their respective officers, directors, shareholders, partners and employees.

13.5. Franchisee acknowledges that Company has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with Franchisee. Franchisee also acknowledges that Company's contact with potential transferees for the purpose of protecting its business interests will not constitute improper or unlawful conduct. Franchisee expressly authorizes Company to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically questionable

transactions. Franchisee waives any claim that action Company takes in relation to a proposed transfer to protect its business interests constitutes tortious interference with contractual or business relationships.

13.6. Special Transfers.

- (a) If Franchisee is an individual or partnership who at any time advises Company that Franchisee wants to assign the Franchise to a corporation or limited liability company in which Franchisee will own 100% of the Ownership Interest (and, in the case of a partnership, with share ownership in the corporation or limited liability company apportioned substantially the same as were the partnership interests), Company will consent to the assignment and waive payment of a Transfer Fee and its right of first refusal under Section 13.7 upon its receipt of such documentation and information concerning the corporation or limited liability company and its Principals as Company may request. The required documentation will include, without limitation, (1) a certified list of the corporation's Principals (designating the amount and percentage of stock or units of beneficial ownership each Principal owns), (2) a Personal Guaranty and Principals' Undertaking signed by each Principal, and (3) an express assumption by the corporation or limited liability company of Franchisee's obligations under this Agreement.
- (b) If Franchisee is a Business Entity, Company will consent to Ownership Interest Transfers among Franchisee's original Principals and waive payment of a Transfer Fee and its right of first refusal under Section 13.7 upon its receipt of such documentation and information concerning Ownership Interest Transfer and the resulting ownership of Franchisee as Company may request. The required documentation will include, without limitation, a Personal Guaranty and Principals' Undertaking signed by each Principal not having previously executed such documents.
- (c) Franchisee may grant a security interest in this Agreement or the Franchise 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 Franchised Business operations and may not under any circumstances entitle or permit the secured party to take possession of or operate the Franchised Business or to Transfer Franchisee's interest in the Franchise without Company's express prior written consent. The grant of a security interest in a manner consistent with this Subsection 13.6(c) will not be subject to the prohibition in Section 13.1.

13.7. Right of First Refusal.

- (a) If Franchisee or the Principal(s) wishes to effectuate a Transfer, pursuant to any bona fide offer received from a third party to purchase that interest, then the proposed seller will promptly notify Company in writing of the offer, and will provide any additional information and documentation relating to the offer that Company requires. Company will have the option, exercisable within 45 days after receipt of all written documentation requested by Company describing the terms of the offer, to send written notice to the seller that Company intends to purchase the seller's interest on the same terms and conditions offered by the third party.
- (b) If an offer from a third party provides for payment of consideration other than cash, Company may elect to purchase the interest proposed to be sold for the cash equivalent. If the parties cannot agree within a reasonable time on the cash equivalent of the non-cash part of the offer, then the cash equivalent will be determined by two appraisers, with each party selecting one appraiser, and the average of their determinations constituting the binding valuation. In the event of an appraisal under this provision, each party will bear its own legal and other costs and will split the appraisal fees equally. If Company elects to purchase the seller's interest, closing on the purchase will occur no later than 60 days after the date Company gives notice to the seller of the election to purchase, provided that Company has received all necessary permits and approvals, or on such other date as the parties agree in writing. If Company exercises its right of first refusal, it may set off all amounts

due from Franchisee or any of its Affiliates (including, if applicable, all fees for any appraiser due from Franchisee) against any payment for the interest to be purchased.

(c) A decision of the Company not to exercise the right of first refusal granted by this Section 13.7 will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 13, with respect to a proposed Transfer. If Company does not exercise its right of first refusal on any particular offer, any material change in the terms of the offer before closing will constitute a new offer subject to the same right of first refusal by Company as in the case of the initial offer. Failure to comply with the provisions of this Section 13 will constitute a material event of default under this Agreement.

13.8. Purchase Upon Franchisee's Death or Disability.

(a) This Section 13.8 applies only if (1) an individual Franchisee or a Principal possessing a Controlling Interest in a Business Entity Franchisee dies or becomes Permanently Disabled during the Term, and (2) the death or Permanent Disability results in a change in executive-level responsibility for managing the Franchised Business.

(b) During the first 120 days after the death or Permanent Disability occurs, Company will evaluate the new management's willingness and ability to operate the Franchised Business in compliance with this Agreement. By the end of the 120-day evaluation period, Company will decide whether the new management is qualified to manage the Franchised Business and will notify management of its decision. As conditions to continuing the Franchise relationship, each Principal must furnish Company a signed Personal Guaranty and Principals' Undertaking and any deficiency in Franchisee's compliance with the requirements of this Agreement must be cured. Further, Company may require the new management to attend and satisfactorily complete the training program provided under Subsection 6.1(c).

(c) If any of the conditions stated in Subsection 13.8(b) are not satisfied, or if Company decides that the new management has not adequately demonstrated its business qualifications or commitment to the franchise relationship, the remaining Principals will have 120 days after delivery of Company's notice to (1) locate new management that is acceptable to Company or (2) sign a binding contract to sell the Franchise or a Controlling Interest in the Franchise to a buyer approved by Company in accordance with, and in a transaction structured to comply with, Section 13.2 or 13.4, whichever is applicable. The proposed sale will be subject to Company's right of first refusal under Section 13.7.

(d) If any of the Franchise's Principals or, if applicable, the executor, administrator, conservator, guardian or other personal representative fail to sign a binding contract of sale before the 120-day selling period expires, or if a contract is signed, but the proposed sale is not concluded within 30 days after Company relinquishes its option under Section 13.7, Company will have an additional option during the next 30 days to purchase the interest the deceased or Permanently Disabled person held at the date of death or Permanent Disability. The purchase price for the interest will be its fair market value, determined through negotiations or by appraisal. Unless otherwise agreed by the parties, the purchase price will be payable in cash at closing. If Company delivers written notice of its intention to exercise the option within the 30-day period, the option will be considered effectively exercised whether or not the purchase is actually consummated within the 30-day period.

(e) If the parties fail to agree on a purchase price for the interest within 21 days after delivery of Company's notice, the purchase price will be determined by two appraisers in accordance with the appraisal process specified in Section 13.7.

13.9. Company and any holder of an Ownership Interest in Company may voluntarily, involuntarily, directly or indirectly sell, assign, transfer, license, sublicense, sublease, collaterally assign, grant a security,

collateral or conditional interest, intervivos transfer, testamentary disposition or other disposition of all or any part of its rights or obligations under this Agreement or any Ownership Interest in Company to any Person without Franchisee's approval or prior notice to Franchisee. Specifically, and without limitation to the foregoing, Company may sell its assets, Marks or the System to a third party; may offer its securities privately or publicly; may merge, spin-off, acquire other entities, or be acquired by another entity; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; and with regard to any or all of the above sales, assignments, and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages against Company and Indemnified Parties arising from or related to the transfer of the Marks (or any variation thereof) or the System from Company to any other party. If Company assigns its right in this Agreement, Company and Indemnified Parties will be released from all further liability under this Agreement. Nothing contained in this Agreement requires Company to offer any services or products, whether or not bearing the Marks, to Franchisee if Company assigns its rights in this Agreement.

14. DEFAULT

14.1. If any Event of Default occurs, Franchisee will be in default under this Agreement, whether or not Company gives notice of the default. Company's failure to take prompt action with respect to a particular Event of Default will not constitute a waiver of that or any subsequent Event of Default.

14.2. Except as otherwise described in this Section 14, following are Events of Default that Franchisee (or another responsible Person) may cure by taking appropriate remedial action within a prescribed time after Company demands remedial action. Unless Franchisee (or another responsible Person) cures such an Event of Default before the end of the indicated remedial period, Company may terminate the Franchise or take any of the other actions this Section 14 permits. If the Event of Default is cured to Company's satisfaction before Company gives Franchisee notice of termination, Company will not proceed under this Section 14.

- (a) Franchisee fails to locate, construct and open the Store in compliance with Sections 4, 8.1, 8.2, 8.7, or the Site Selection Addendum. **REMEDY** – Franchisee must complete the unfulfilled requirement within 15 days after Company notifies Franchisee in writing of the action to be taken.
- (b) Franchisee or its employees fail to complete Company's initial training program or any subsequent mandatory training program in accordance with Subsection 6.1(c). **REMEDY** – Franchisee, or its employees, as applicable, must complete any unfulfilled requirement within 15 days after Company notifies Franchisee in writing of the action to be taken.
- (c) Franchisee fails to fulfill any requirement, to perform any obligation, or to observe any restriction set forth in Sections 6, 8.1 through 8.25 and any other condition or restriction contained in this Agreement and not otherwise addressed in this Section 14. **REMEDY** - Franchisee must correct any element of noncompliance within 30 days after Company notifies Franchisee in writing of the remedial action to be taken.
- (d) Franchisee fails to pay in full any trade obligation due to a vendor with whom Company or any of its Affiliates does business, as a result of which the vendor withholds or threatens to withhold the sale of goods or services, or withdraws or threatens to withdraw the availability of normal trade terms, to Company, any Company Affiliate or another franchisee. **REMEDY** - Franchisee must pay the obligation within 10 days after Company makes written demand for payment, unless Franchisee is actively contesting the amount or validity of the vendor's claim in good faith and promptly furnishes Company a statement of the reasons Franchisee is withholding payment and the action Franchisee is taking to resolve the dispute. So long as Company concurs that Franchisee is actively contesting the claim in good faith, Franchisee may continue withholding payment of the disputed amount until the dispute is resolved.

- (e) Franchisee fails to take appropriate action to correct any condition noted as “unsatisfactory” or “needs improvement” in any Quality Review report within 15 days after receiving a copy of the report. **REMEDY** - Franchisee must initiate appropriate corrective action within five days after Company notifies Franchisee in writing of the condition to be corrected and must complete the corrective action within such time periods as Company designates.
- (f) Franchisee fails to submit when due a report required under this Agreement, including but not limited to, any report required by Section 8.23. **REMEDY** – Franchisee must submit the report within five days after Company makes written demand upon Franchisee for its submission.
- (g) Franchisee fails to submit when due a financial statement required under this Agreement, including but not limited to, any financial statement required by Section 8.26, or to furnish a tax return required by Section 8.24 promptly after Company requests it. **REMEDY** - Franchisee must submit the financial statement or tax return within five days after Company makes written demand upon Franchisee for its submission.
- (h) Franchisee fails to fulfill any requirement or to perform any obligation set forth in Section 9 with respect to advertising and promotions (other than a failure to make the Minimum Local Advertising Expenditure or the Brand Development Fees, which are covered by Sections 9.2 and 9.3). **REMEDY** - Franchisee must correct the failure or breach within 30 days after Company gives Franchisee written notice specifying the default.
- (i) Franchisee or any other Person bound under Section 21 fails or refuses to honor a request for indemnification under Sections 8.30. **REMEDY** - Franchisee or the other Person must honor the request within 10 days after Company makes written demand upon Franchisee to take a specified curative action.
- (j) Franchisee or any other Person bound under Section 21 breaches any restriction or obligation set forth in Section 10 or any related terms of use agreement. **REMEDY** - The breaching party must remedy the breach within 10 days after Company makes written demand upon Franchisee to take a specified curative action.
- (k) Franchisee or any other Person bound under Section 21 breaches any covenant or obligation set forth in Section 12, or otherwise makes any unauthorized use of a Mark, an item of Copyrighted Materials or an element of the System. **REMEDY** - The breaching party must remedy the breach or permanently cease the unauthorized use within 10 days after Company makes written demand upon Franchisee to take a specified curative action.
- (l) Franchisee asserts a claim to the Sweet & Sassy domain name, any Mark, any item of Copyrighted Materials, Social Media account, or any element of the System adverse to Company’s interests. **REMEDY** - Franchisee must unconditionally withdraw the claim within 10 days after Company makes written demand that Franchisee do so.
- (m) The lease for the Store premises expires or is terminated and Franchisee fails to relocate the Store in accordance with Section 8.9. **REMEDY** - Franchisee must reopen the Store in another approved location within 15 days after Company makes written demand that Franchisee do so.
- (n) Franchisee knowingly engages in any activity or business practice that Company considers detrimental to the goodwill and public image of the System. **REMEDY** - Franchisee must permanently cease the activity or business practice within 10 days after Company makes written demand upon Franchisee to cease any activity specified in the notice.
- (o) Franchisee fails to pay in full when due any Royalty Fee in accordance with Section 4. **REMEDY** - Franchisee must make payment in full, with interest as provided in Section 4.8, within five days after Company makes written demand that Franchisee do so.

- (p) Franchisee fails to make Minimum Local Advertising Expenditures or Brand Development Fees in accordance with Sections 4 and 9. **REMEDY** - Franchisee must make payment in, with interest as provided in Section 4.8, within five days after Company makes written demand that Franchisee do so.
- (q) Franchisee fails to pay in full when due any trade account (including shipping charges) payable to Company, its Affiliates, and Approved Suppliers. **REMEDY** - Franchisee must make payment in full, with interest as provided in Section 4.8, within five days after Company makes written demand that Franchisee do so.
- (r) Franchisee or any other Person bound under Section 21 either (1) fails to observe or comply with the requirements of Section 13 in connection with any sale, assignment or Transfer, including, but not limited to any attempted sale, assignment or Transfer, or (2) makes a material misrepresentation in any Transfer request or document in support of a Transfer request. **REMEDY** - Franchisee must correct all elements of non-compliance, including misrepresentations, before the sale, assignment or Transfer is completed (including correction of misrepresentations in time for Company to have a reasonable opportunity to consider and act on the corrected information) or rescind any unauthorized completed sale, assignment or Transfer immediately upon receipt of written demand by Company that Franchisee do so.
- (s) Franchisee or any other Person bound under Section 21 tampers with or disables the Franchised Business' Information Systems or Company's ability to access them. **REMEDY** – Franchisee must restore the Franchised Business' Information Systems or Company's ability to access them immediately upon receiving written notice from Company to do so.
- (t) Franchisee or any other Person bound under Section 21 refuses to permit Company to conduct a Quality Review permitted under Section 8.18. **REMEDY** – Franchisee must immediately permit the Quality Review upon the receipt of notice from Company, promptly reimburse Company for all costs and expenses related to such Quality Review, and correct any element of noncompliance within three days after Company notifies Franchisee in writing of the remedial action to be taken.
- (u) Franchisee or any other Person bound under Section 21 refuses to permit an audit permitted under Section 8.20 or any other financial records inspection as permitted in Section 8.27. **REMEDY** - Franchisee must immediately permit the audit or inspection upon receipt of notice from Company, promptly reimburse Company for all costs and expenses related to such audit or inspection, and correct any element of noncompliance within three days after Company notifies Franchisee in writing of the remedial action to be taken. In addition, Franchisee shall promptly pay Company any Royalty Fee and/or Brand Development Fees deficiencies established by such audit or inspection, together with interest as provided in Section 4.5.
- (v) Franchisee or any other Person bound under Section 21 refuses to permit Company to electronically poll the Franchised Business's Information Systems in accordance with Section 8.23. **REMEDY** – Franchisee must correct any element of noncompliance within three days after Company notifies Franchisee in writing of the remedial action to be taken.
- (w) Franchisee fails to comply with any provision of this Agreement (except as provided in this Section 14). **REMEDY** – Franchisee fails to take appropriate corrective action within 30 days after delivery of written notice of a deficiency.

14.3. Default without Opportunity to Cure. Following are Events of Default that are irreversible and cannot be cured; Franchisee will have no opportunity to cure these Events of Default and this Agreement will terminate immediately upon notice to Franchisee, unless otherwise indicated below.

- (a) Franchisee or any other Person bound under Section 21 breaches the non-competition covenant in Section 17.1; the covenants concerning use of the System, or the Operations Manual in Sections 8

and 12; or any of the representations, warranties and covenants stated in Section 17.2 with respect to terrorist activities and money laundering.

- (b) Franchisee abandons the Store. Franchisee will be conclusively presumed to have abandoned the Store if Franchisee fails to open it for retail trade during normal business hours on more than three consecutive days or on more than four of any 10 consecutive days, in either case excluding periods the Store is undergoing major renovations or remodeling in accordance with a schedule approved by Company.
- (c) Franchisee intentionally revokes the direct debit ACH Authorization Agreement for Pre-Authorized Payments Section 4.6 requires, or closes the account to which the ACH Authorization Agreement for Pre-Authorized Payments applies without first having established another account and having signed and delivered to Company a new ACH Authorization Agreement for Pre-Authorized Payments on a form acceptable to Company and its bank.
- (d) Company decides not to exercise the additional option provided in Subsection 13.8(d) with respect to the sale of the Franchise by a deceased Franchisee's heirs.
- (e) Franchisee and/or any Person bound under Section 21 commits or allows to occur three or more Events of Default in any 12-month period, whether or not the Events of Default are related types of default and whether or not they are cured.
- (f) Franchisee or any guarantor of Franchisee's monetary obligations to Company becomes insolvent, admits in writing the inability to pay the monetary obligations of Franchisee or the guarantor as they mature, is adjudicated a bankrupt, voluntarily files a petition for liquidation or reorganization under any provision of the United States Bankruptcy Code, makes an assignment for the benefit of creditors or takes any other action pursuant to any federal or state insolvency statute. In such event, this Agreement shall terminate automatically and immediately without notice to Franchisee.
- (g) A receiver or trustee is appointed for all or a substantial part of Franchisee's assets or a judgment for an amount in excess of \$5,000 is entered against Franchisee that Franchisee does not pay or cannot stay within 30 days after the judgment is entered. In such event, this Agreement shall terminate immediately without notice to Franchisee.
- (h) Within any period of 12 consecutive months, failure to comply with this Agreement on 2 or more separate occasions for which notices of default were given (or failure on 2 or more separate noticed occasions to comply with the same obligation), whether or not those failures to comply are corrected.
- (i) Franchisee, its affiliates, or owners, misappropriate the Marks or damage goodwill associated with the Marks and the SWEET & SASSY System.

14.4 Default and Pre-Termination Rights. Prior to the termination of the Agreement, if the Franchisee fails to pay any amounts owed to the Company or its affiliates, fail to comply with any term of this Agreement or notify the Company that the Franchised Business is closing, then in addition to the Company's right to terminate this Agreement or to bring a claim for damages, the Company has the option to:

- (a) Remove the listing of the Franchised Business from all advertising published or approved by the Company;
- (b) Cease listing the Franchised Business on any Technology Platforms;
- (c) Prohibit the Franchisee from attending any meetings or programs held or sponsored by the Company;
- (d) Terminate the Franchisee's access to any computer system or software the Company owns, maintains or licenses to the Franchisee (whether licensed by the Franchisor or any of its affiliates);

(e) Suspend all services the Company or its affiliate provide to the Franchisee under this Agreement or otherwise and/or

(f) Contact the Franchisee's landlord, lenders, suppliers, and members regarding the status of the Franchisee's operations, and provide copies of any default or other notices to the Franchisee's landlords, lenders and suppliers. Upon termination or expiration, Company can stop access to our proprietary products from any supplier or distributor.

(g) In addition, if the Franchisee notifies the Company of closing the Franchised Business or otherwise communicate to others that the Franchisee is closing the Franchised Business, the Franchisee agrees that the Franchisee's billing processor may withhold up to one-half (1/2) of monies that would otherwise be payable to the Franchisee to cover any post termination obligations the Franchisee may have, including to reimburse future membership fees paid by the Franchisee's members for periods beyond the closing date.

(h) The Company's actions as outlined in Section 14.4. may continue until the Franchisee has brought the accounts current, cured any default and complied with the Company's requirements, and the Franchisee has acknowledged the same in writing. The taking of any of the actions permitted in this section will not suspend or release the Franchisee from any obligation that would otherwise be owed to the Company or its affiliates under the terms of this Agreement or otherwise.

15. TERMINATION; OTHER REMEDIES

15.1. If Franchisee commits or allows an Event of Default to occur and does not cure it before the related remedial period, if any, expires, Company may, but subject to compliance with applicable statutory notice and/or hearing requirements, either terminate this Agreement or compel Franchisee to sell the Franchised Business in accordance with Section 15.4. Upon termination or expiration of the Agreement, Franchisee's right and privilege to use the System, the Marks, the Copyrighted Materials, the Trade Secrets and all components of the Operations Manual shall absolutely and unconditionally cease. Franchisee shall immediately:

- (a) discontinue use of the Marks, the Copyrighted Materials, the System Trade Secrets and all components of the Operations Manual;
- (b) return to Company the entire Operations Manual and any other printed, graphic or audio/visual item designated by Company as containing Trade Secrets;
- (c) remove from the Store' premises all interior and exterior Sweet & Sassy signs and other uses of the Marks;
- (d) alter the Store' interior to remove all Trade Dress items and otherwise eliminate the distinctive features of the Franchise; and
- (e) refrain from using all advertising and telephone numbers, including telephone numbers listed in any Yellow Pages or white pages telephone directory under the Marks or any other name similar to any of the Marks, and all territory specific email addresses, and Social Media accounts, and upon demand of Company, direct the telephone company or service provider servicing the Franchisee to transfer all such telephone numbers, email addresses, Social Media accounts, registered to Franchisee in connection with the Franchised Business to Company or its designee.
- (f) will return to the Company all copies of the Customer List, including past customers, present customers, and prospective customers, and shall not thereafter use the Customer List or contact the Customers.

15.2. Upon the Franchise's termination or expiration, Company may immediately file with Franchisee's local telephone company all Assignments of Telephone Number(s) that Franchisee provided Company in accordance with Section 8.6, and may instruct the telephone company to transfer use and control of the Franchised Business telephone number(s) to Company or its designee. Franchisee irrevocably constitutes

and appoints Company and its designees as Franchisee's agent and attorney-in-fact to effect the transfer of the Franchised Business telephone number(s), including authority to execute and deliver on Franchisee's behalf any Transfer of Service Agreement the telephone company requires, and to revoke any call-forwarding or similar instructions Franchisee has given the telephone company. Company may take control over Franchisee's Social Media accounts. Franchisee irrevocably constitutes and appoints Company and its designees as Franchisee's agent and attorney-in-fact to effect transfer of Social Media accounts. Company shall have no liability to Franchisee on account of or arising from any action it authorizes or takes to effect the transfer of the Franchised Business telephone number(s) or Social Media accounts in accordance with this Section 15.2. In addition, Company shall be entitled to injunctive or similar relief, without bond, against Franchisee and any other Person bound under Section 21 to enforce compliance with these requirements.

15.3. If Franchisee does not comply with the requirements of Section 15.1 within seven days after the Franchise's termination or expiration, Company may, at Franchisee's expense, enter the Store premises and effect Franchisee's compliance with all of that Section's requirements, including removal and storage of Franchisee's signs, and alteration or removal and storage of Trade Dress items. Franchisee irrevocably constitutes and appoints Company and its designees as Franchisee's agent and attorney-in-fact to effect compliance with Section 15.1, and Company shall have no liability to Franchisee, in trespass or otherwise, on account of or arising from any action it authorizes or takes to effect Franchisee's compliance. In addition, Company shall be entitled to injunctive or similar relief, without bond, against Franchisee and any other Person bound under Section 21 to enforce compliance with these requirements.

15.4. In lieu of immediately terminating the Franchise in accordance with Section 15.1, Company may demand and require Franchisee to sell the Franchised Business and transfer Franchisee's rights under this Agreement to a purchaser designated by or acceptable to Company. After Company demands such sale, Franchisee shall have no further right or opportunity to remedy a default or to reinstate Franchisee's right to continue operating the Franchised Business. Except for Company's right to approve a proposed purchaser and to ensure that all amounts owed to Company in connection with this Agreement, including Royalty Fees, Minimum Local Ad Expenditures, Brand Development Fees, trade obligations and other amounts due Company are paid at the closing of the sale, Franchisee shall be entitled to establish and negotiate the terms of sale. If Franchisee does not negotiate definitive terms of sale with an approved purchaser within 90 days after Franchisee receives Company's demand to sell, or does not consummate the sale within 45 days after negotiations are completed, Company may terminate the Franchise under Section 15.1 without further notice. Franchisee acknowledges and agrees Company shall not act as a broker for any transaction contemplated by this Section 15.4 and that actions to be taken by Company in connection with approving a transfer pursuant to this Section 15.4 shall not make Company a broker for such transfer.

15.5. In addition to the preceding rights and remedies (and in lieu of immediately exercising its rights under Section 15.1), Company may notify each distributor of SWEET & SASSY brand products and merchandise that Franchisee is no longer authorized to purchase these items or goods imprinted with any of the Marks, and that sales of such merchandise to Franchisee must therefore be discontinued until further notice from Company.

15.6. In addition to the preceding rights and remedies, Company may recover all amounts owed to Company in connection with this Agreement, including Royalty Fees, Brand Development Fees, and trade obligations due Company, plus interest under Section 4.5, with or without terminating the Franchise. If any such obligation is referred to an attorney for collection or is collected in whole or in part through a judicial proceeding, Franchisee agrees to pay Company's attorneys' fees and costs of collection, plus a charge for the staff and administrative time Company expends to enforce its claims.

15.7. In addition to the preceding rights and remedies, Company may also remove Franchisee from the Website.

15.8. In addition to the preceding rights and remedies, Company may obtain injunctive relief, without bond, against Franchisee and/or any other Person bound under Section 21 restraining the unauthorized or violative use of any Mark, item of Copyrighted Materials or Trade Secret, with or without terminating the Franchise.

15.9. In addition to the preceding rights and remedies, Company may recover damages from Franchisee and any other Person bound under Section 21 for the unauthorized use of any Mark and/or Trade Secret or the unauthorized use, copying or distribution of any item of Copyrighted Materials, and for any loss of customer or future Franchisee goodwill in the Store's Designated Area.

15.10. Additional Company Options. In addition to the preceding rights and remedies, Company shall have an option (but no obligation) to purchase Franchisee's interest (if any) in any or all of the Store's leasehold improvements, furniture, fixtures, equipment, inventory, supplies, and interior and exterior signs for a purchase price equal to the lesser of Franchisee's cost or then-current liquidation value, to be determined by a qualified independent third-party of Company's choosing, and may set off against the purchase price any amounts that Franchisee owes to Company. Company shall exercise its option by written notice to Franchisee delivered before or within 30 days after the date of expiration or termination of this Agreement. Company will be entitled to all customary warranties and representations in connection with Company's asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities effecting the assets, contingent or otherwise. Franchisee agrees to provide Company the information necessary to establish the purchase price, to sign and deliver to Company a deed, bill of sale or an assignment of lease, transfer good and merchantable title to the assets purchased, free and clear or all liens and encumbrances (other than liens and security interest acceptable to Company, if any) with all sales and other transfer taxes paid by Franchisee and all licenses and permits of the Franchised Business which may be assigned, and otherwise to cooperate with Company in its taking title to and possession and delivery of the items Company purchases.

If the parties are unable to reach agreement as to the fair market value of the assets of the Store to be purchased by the Company, the parties hereby agree to appoint an independent appraiser to make such determination, whose determination will be binding upon the parties. The fees and expenses of such appraisal shall be paid in equal proportions by the parties. If Franchisee does not object to proposed appraiser within twenty (20) days after Company notice, such appraiser will be deemed approved by both parties.

15.11. In addition to the preceding rights and remedies, Company or Company's designee shall have the option (but no obligation) to assume any lease or sublease for the Store premises. If Company or its designee assumes any lease or sublease for the Store premises, the assignee must assume all of Franchisee's obligations under the lease from and after the date of assignment, but shall have no obligation to pay any delinquent rent or to cure any other default under the lease that occurred or existed prior to the date of the assignment. Franchisee shall be solely responsible for any assignment fee or similar charge, or any increase or acceleration of rent under all leases or subleases in connection with an assignment to Company or its designee.

15.12. In addition to the preceding rights and remedies, Company shall have the right, upon termination of the Franchise, to so inform third party vendors and suppliers.

15.13. Termination of the Franchise shall ordinarily become effective upon Company's delivery of written notice of termination to Franchisee. However, if (a) an Event of Default occurs, and (b) before Company delivers notice of default and/or notice of termination, a voluntary or involuntary petition is filed under any chapter of the United States Bankruptcy Code by, on behalf of, or against Franchisee, and (c) the Event of Default remains unremedied at the time the bankruptcy or reorganization petition is filed, no notice of default or termination shall be required. Instead, if Franchisee files a voluntary petition for liquidation or reorganization under the United States Bankruptcy Code, termination shall automatically become effective

the instant a petition is signed by or on behalf of Franchisee. If an involuntary petition is filed, termination shall automatically become effective the instant the petition is submitted to the clerk of the Bankruptcy Court for filing.

15.14 Step In Rights. To prevent any interruption of the business of the Sweet & Sassy Store, you hereby authorize Company, and Company shall have the right, but not the obligation, to operate the Store on your behalf for as long as Company deems necessary and practical, and without waiver of any other rights or remedies Company may have under this Agreement, in the event that: (a) your Operations Manager is absent or incapacitated by reason of illness, death or disability and, therefore, in Company's sole determination, you are not able to operate the Store in full compliance with this Agreement, or (b) any allegation or claim is made against your or any of your Owners, or the operation of the Store, involving or relating to fraudulent, deceptive or illegal practices or activities. If Company undertakes to operate the Store pursuant to this Section 15.14, Company shall have the right to collect and pay from the revenues of the Store all operating expenses including, without limitation, Royalty Fees, Brand Development Fees, all monetary obligations of the Franchisee pursuant to this Agreement, and employee salaries, and further shall be entitled to collect, as compensation for its efforts, a reasonable management fee not to exceed 10% of Gross Sales. You shall indemnify and hold harmless Company from any and all claims arising from the alleged acts and omissions of Company and its representatives. Further you acknowledge and agree to indemnify the Company for all claims or acts arising out of or relating to operation of your Franchised Business regardless if it is operated by the Company's representative.

16. LIQUIDATED DAMAGES

16.1. If after **(a)** the expiration of the Franchise in accordance with Section 11, or **(b)** the termination of the Franchise by Company in accordance with Section 15, Franchisee continues to use any of the Marks or element of the System in connection with the continued operation of the Franchised Business or otherwise, Company may, at its option, declare Franchisee to be holding over. In such event, in addition to any other remedies available to Company at law or in equity, the Royalty Fees due and payable during such holdover period shall be equal to 200% of the Royalty Fees due and payable under this Agreement.

16.2. If Franchisee directly or indirectly opens or participates in the ownership or operation of a business in violation of the covenant not to compete expressed in Section 17.1, then, in addition to any other remedies available to Company at law or in equity, Company shall be entitled to receive throughout the term of the covenant, and Franchisee agrees to pay, a weekly fee equal to 10% of the competing operation's revenues, measured in accordance with the definition of Gross Sales.

16.3. If Franchisee disposes of the Franchised Business operating assets or premises in violation of Section 13 and the purchaser (if approved by Company pursuant to Section 13) refuses to sign a Franchise Agreement for the continued operation of the Franchised Business as a Franchised Business or if the purchaser does not qualify for Franchise, then, in addition to any other remedies available to Company at law or in equity, Company shall be entitled to receive, and Franchisee agrees to pay, a sum equal to the Royalty Fees Company would otherwise have received during the remaining Term, discounted to present value, assuming a discount rate of 5%. In calculating the Royalty Fees Company would otherwise have received, Franchisee will be deemed to have earned annual Gross Sales for the balance of the Term equal to twelve times the Franchised Business' average monthly Gross Sales for those months in which the Franchised Business was open and in operation for the entire month.

16.4. For any breach of the obligations of Section 17.1 which are made in consideration of the specialized training and Confidential Information described in this Agreement, and due to the difficulty of establishing the precise amount of damages for breach of such obligations, in addition to all other remedies provided for in this Agreement or otherwise available to Company, Franchisee and the Principals who committed such breach jointly and severally agree to pay to Company an amount equal to Company's costs and expenses incurred to enforce the terms of the Covenant Against Competition.

16.5. Any demand for payment of liquidated damages under this Agreement does not constitute an election of remedies and any payments received shall be in addition to and not in lieu of any other remedies available to Company at law or in equity.

16.6. In the event of Franchisee's violation of this Agreement as described in this Section 16, proof of actual damages would be difficult and that the formula for calculating liquidated damages contained herein is a reasonable estimate of what actual damages would be. The foregoing formula does not result in a penalty. Company has an expectation that Franchisee's franchised business will be open and operating for the full Term of the Agreement. An early closure reduces Company's revenue and damages our image in the public. Calculating the value and expense of this injury is difficult to determine and may be hard to calculate with specificity, but the parties acknowledge the injury. Therefore, the parties have elected to agree in advance to calculation of liquidated damages to compensate Company for its damages and to provide certainty to Franchisee of the amounts due.

17. SPECIAL REPRESENTATIONS, WARRANTIES AND COVENANTS

17.1. Covenant Against Competition.

- (a)** In consideration of Company's providing operations and management training to Franchisee and disclosing to Franchisee the System and other Trade Secrets, Franchisee and the Principals covenant and agree that, during the Term and for two years after its expiration or termination (or for Principals, after such person ceases to be a Principal), Franchisee and the Principals will not own or operate, directly or indirectly, or accept employment by or hold an interest in any Competitive Business or divert or attempt to divert any present or prospective customer of the Franchised Business to any Competitive Business.
- (b)** Except as a franchisee of Company, Franchisee's and the Principals' covenant not to compete will apply in an area that is a 10-mile radius from the location of the Store and any Company-owned or franchised Store is then operating or under development. For purposes of calculating the duration of the two-year period, any time during which Franchisee or the Principals (as applicable) are in violation or breach of the covenant shall be excluded. Franchisee and the Principals acknowledge that Franchisee's and the Principals' covenant not to compete is reasonable and necessary to protect the business and goodwill of the Business Network and to avoid misappropriation or other unauthorized use of the System and Company's other Trade Secrets. Franchisee and the Principals acknowledge and confirm that Franchisee and the Principals possess the education, training and experience necessary to earn a reasonable livelihood apart from operating a business that provides salon and party services as its principal products.
- (c)** The parties agree that the foregoing covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17.1 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Company is a party, Franchisee and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.1.
- (d)** Franchisee and the Principals understand and acknowledge that Company shall have the right to reduce the scope of any covenant set forth in this Section 17.1, or any portion thereof, without their consent, effective immediately upon notice to Franchisee; and Franchisee and the Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 24.2 hereof.

17.2. Franchisee and the Principals represent and warrant to Company that neither Franchisee, nor any Principal, nor any of their respective Affiliates is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S.

Treasury Department's Office of Foreign Assets Control (texts currently available at www.treas.gov/offices/enforcement/ofac/). Further, Franchisee and the Principals represent and warrant that neither it nor any Principal or Affiliate referred to above has violated and agrees not to violate any law prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text currently available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13224 (text currently available at <http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html>), or any similar law. The foregoing constitutes continuing representations and warranties, and Franchisee and the Principals shall immediately notify Company in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

17.3. To secure payment by Franchisee of Royalty Fees, Brand Development Fees, and other amounts due Company under this Agreement, Franchisee grants to Company a first priority security interest and lien in the Franchised Business' Gross Sales. To perfect this security interest, concurrently with the execution of this Agreement, Franchisee will sign and deliver to Company a Form UCC-1 financing statement suitable for filing with the Secretary of State (or other applicable authority) of the state in which the Store is located. Franchisee also agrees to execute and deliver such additional documents and to do all such further acts and things as Company may request to evidence and further perfect its security interest in the Franchised Business' Gross Sales. Company and Franchisee mutually agree that Franchisee will enjoy unrestricted use of the Franchised Business' Gross Sales until (a) Franchisee defaults in the payment of an obligation secured by the Franchised Business's Gross Sales, (b) any other creditor of Franchisee asserts a security interest in or claim to the Franchised Business's Gross Sales superior to Company's security interest, (c) Franchisee files a petition for relief under any chapter of the United States Bankruptcy Code, or (d) Franchisee becomes the subject of an involuntary petition under any chapter of the United States Bankruptcy Code that is not dismissed within 30 days after its filing. Upon the occurrence of any such event, Franchisee will be in default under the security agreement this Section 17.3 establishes, and Company may immediately exercise all the rights of a secured creditor with respect to the Franchised Business's Gross Sales that are provided in Article 9 of the Uniform Commercial Code.

17.4 Enforcement of Covenants

Franchisee acknowledges and agrees that (i) this section is reasonable because it promotes and protects the subject matter of this Agreement and/or the underlying relationship and/or deters any potential conflict of interest; (ii) the time, territory, and scope of the covenants provide in this Section are reasonable and necessary for the protection of our legitimate business interests; (iii) Franchisee has received sufficient and valid consideration in exchange for those covenants; (iv) enforcement of the same would not impose undue hardship because you have sufficient professional skills; and (v) the period of protection provided by these covenants will not be reduced by any period of time during which Franchisee is in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section is judicially determined to be unenforceable by virtue of its scope or in terms of area, restricted activity or length of time, but may be made enforceable by reductions of any or all thereof, the same will be so modified and enforced to the fullest extent permissible. Franchisee agrees that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section. Franchisee acknowledges that any breach or threatened breach of this Section will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of a temporary or permanent injunction prohibiting any conduct violating the terms of this Section. Such injunctive relief will be in addition to any other remedies or claims for damages that we may have.

17.5 Disputed Enforceability

The parties have attempted in the above Section to limit Franchisee's right to compete only to the extent necessary to protect Company from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the above provision is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify this Section to the extent it deems necessary to make supervision enforceable under applicable law. In addition, Company reserves the right to reduce the scope of said provision with Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. **FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE FRANCHISEE OF THE ABILITY TO EARN A LIVING.**

17.6 Franchisee's Acknowledgement

Company must be protected against the potential for unfair competition by Franchisee's use of Company's training, assistance, Confidential Information, and Trade Secrets in direct competition with Company. Franchisee further acknowledges that Company would not have entered into this Agreement or shared the Confidential Information, Trade Secrets, and other information with Franchisee absent Franchisee's agreement to strictly comply with the provisions of this Section. Franchisee acknowledges that as a Franchisee of the Company, it will have access to Company's Trade Secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section will be deemed to threaten immediate and substantial irreparable injury to the Company. Accordingly, Franchisee agrees that the Company will have the right without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

18. SPECIAL PROVISIONS

18.1. The provisions of this Agreement are severable, and if any provision is held illegal, invalid or unenforceable, the holding shall not affect the legality, validity or enforceability of any other provision. Any illegal, invalid or unenforceable provision shall be reformed to the minimum extent necessary to render it legal, valid and enforceable and, as so reformed, shall continue in force and effect.

18.2. No party shall be deemed in default of this Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. Such excuse from liability shall be effective only to the extent and duration of the event(s) causing the failure or delay in performance and provided that the party has not caused such event(s) to occur and continues to use diligent, good faith efforts to avoid the effects of such event and to perform the obligation. A party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other party of the nature and extent of any such Force Majeure condition; (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement, as applicable, as soon as reasonably practicable; and (c) otherwise continue performing its obligations hereunder.

19. NOTICES

19.1. All notices permitted or required to be delivered pursuant to the provisions of this Agreement shall be delivered in writing to the address listed on the Summary Page for Company and to Franchisee's Business Address for Franchisee or such other address as the parties shall specify by written notice, and will be deemed so delivered:

- (a) at the time delivered by hand;

- (b) one day after transmission by facsimile or electronic mail (provided that the sender confirms the delivery by sending an original confirmation copy by certified or registered mail or expedited delivery service within five days after transmission);
- (c) one day after being placed in the hands of a commercial courier service for next day delivery, provided there is proof of receipt; or
- (d) three days after placement in the United States Mail by certified mail, return receipt requested, postage prepaid; and must be addressed to the party to be notified at the addresses as described above for Company and Franchisee or such other address as the parties shall specify by written notice.

20. STATUS OF PARTIES

20.1. The parties acknowledge and agree that the Franchisee is 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 has any fiduciary obligations to the other, or will be liable for the debts or obligations of the other. Neither party may 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, unless otherwise agreed in writing between them. Franchisee shall conspicuously identify itself and the Franchised Business in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent franchisee of Company, and shall place a conspicuous notice, in the form and at such place as Company prescribes, notifying the public of such independent ownership. Franchisee acknowledges and agrees that they are solely responsible for all decisions relating to employees, agents, and independent contractors that they may hire assist in the operation of their Franchised Business. Franchisee agrees that any employee, agent, or independent contractor that they hire will be their employee, agent, or independent contractor, and not Company's employee, agent, or independent contractor. Franchisee also agree that they are exclusively responsible for the terms and conditions of employment of their employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. Franchisee agrees to manage the employment functions of their Franchised Business in compliance with federal, state, and local employment laws.

21. BINDING EFFECT

21.1. This Agreement shall be binding upon and inure to the benefit of Company and Franchisee and their respective successors, assigns, executors, heirs and personal representatives. If Franchisee is, or subsequently Transfers the Franchise to, a Business Entity, each Principal shall also be personally and individually bound by the provisions of Sections 8.28, 8.29, 12, 13, 17 and 22 of this Agreement.

22. LAW GOVERNING; DISPUTE RESOLUTION

22.1. 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).

22.2. The parties agree to use their best efforts to resolve and settle by direct, private negotiation any Dispute that arises under or in relation to this Agreement or that concerns the relationship created by this Agreement.

22.3. If the parties cannot resolve and settle a Dispute by private negotiation within 60 days after one party gives the other written notice that a Dispute exists, the parties mutually agree to submit the Dispute to non-binding mediation, as follows:

- (a) Mediation shall occur in the city in which Company maintains its principal place of business before a single mediator, using the facilities and mediation rules of a professional dispute-resolution organization selected by Company and reasonably acceptable to Franchisee (the "Mediation Organization"). If the parties cannot agree on a Mediation Organization, they will use the facilities and mediation rules of the National Franchise Mediation Program.
- (b) The parties shall jointly select a mediator from the panel of mediators maintained by the Mediation Organization. The mediator must be an individual experienced in business format franchising or franchise law who has no prior social, business or professional relationship with either party. If the parties are unable to agree on a mediator within 30 days after the Dispute is submitted to mediation, the Mediation Organization will select a mediator who possesses the indicated qualifications.
- (c) The parties will share the mediation filing fee equally, but will otherwise separately bear their own costs and expenses (including legal fees) of participating in the mediation process. Each party agrees to send at least one representative to the mediation conference who has authority to enter into binding contracts on that party's behalf. Each party further agrees to sign a confidentiality agreement that exempts the mediator from disclosing, orally or in writing, any information the other party discloses to the mediator in confidence at any stage of the mediation process.
- (d) If either party fails or refuses to participate in mediation in accordance with this Section 22.3, the other shall be entitled immediately to commence litigation of the Dispute in a court designated in Section 22.5.
- (e) Neither illness, Covid, inconvenience, weather, or any other reason shall serve to excuse your personal appearance for mediation.

22.4. Notwithstanding Section 22.3, the parties mutually agree that Company will not be obligated to mediate any claim arising from amounts owed under this Agreement, Franchisee's alleged infringement of the Marks or the Copyrighted Materials, or other alleged misappropriation of Company's intellectual property. The parties agree that any action based on infringement of any of the Marks or Copyrighted Materials, or misappropriation of Company's other intellectual property shall be governed by and interpreted and enforced in accordance with the United States Trademark (Lanham) Act or the United States Copyright Act (whichever applies to the particular action). The parties mutually agree that mediation must be conducted in person, and no telephonic or electronic appearance by any of the parties or their counsel is permitted except for the purposes of scheduling mediation or discussion non-material mediation-related matters.

22.5. The parties agree that the litigation of any Dispute shall be brought and maintained exclusively in the state or federal court serving the judicial district in which Company maintains its principal place of business at the time the action is initiated. The parties further agree to submit to the jurisdiction and venue of any such federal or state court and that service of process by certified mail, return receipt requested, will be sufficient to confer personal jurisdiction over them in connection with any litigation.

22.6. THE PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY RELATING TO THE RELATIONSHIP BETWEEN THE PARTIES OR ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR REMEDY HEREUNDER.

22.7. Except with respect to Franchisee's and each Principal's obligation to indemnify Company pursuant to Sections 8.28. and 8.29. hereof and claims Company brings for Franchisee's unauthorized use of the Marks or unauthorized use or disclosure of any Trade Secrets, THE PARTIES WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, SPECIAL AND CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES, THE PARTIES MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY DIRECT OR

GENERAL DAMAGES IT SUSTAINS; provided, however that Company shall have the right to recover lost profits in the event of termination of this Agreement.

22.8. FRANCHISEE MUST BRING ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN COMPANY AND FRANCHISEE WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE VIOLATION, ACT, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN FRANCHISEE KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM, OR FRANCHISEE'S CLAIM WILL BE BARRED UNLESS A LITIGATION OR JUDICIAL PROCEEDING, AS PERMITTED, IS COMMENCED IN THE APPROPRIATE FORUM WITHIN THIS TWO-YEAR PERIOD. THIS PROVISION IS INTENDED TO SHORTEN ANY APPLICABLE STATUTE OF LIMITATIONS TO THE EXTENT PERMITTED BY LAW.

22.9. No right or remedy conferred upon or reserved to Company or Franchisee 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.

22.10. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY CLAIM, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY PARTY.

23. CONDITION PRECEDENT

23.1. If Franchisee is a Business Entity, this Agreement will not be binding on Company and no Franchise will be granted unless and until each Principal executes and delivers a Personal Guaranty and Principals' Undertaking in the form attached as Attachment G.

24. MISCELLANEOUS

24.1. The term "Franchisee" includes the plural as well as the singular, the masculine and feminine genders, and Business Entities as well as individuals.

24.2. Except as specifically provided in Subsections 17.1(c) and 17.1(d), this Agreement may not be amended, modified or rescinded, or any performance requirement waived, except by a written document signed by Company and Franchisee. The parties expressly agree that this Agreement may not be amended or modified, or any performance standard changed, by course of dealing or inference from a party's conduct. This provision does not apply to changes in the Operations Manual, which Company may modify unilaterally.

24.3. Notwithstanding any contrary provisions contained in this Agreement, Company and Franchisee acknowledge and agree that **(a)** this Agreement (and the relationship of the parties which arises from this Agreement) grants Company the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's explicit rights and obligations hereunder that may affect favorably or adversely Franchisee's interests; **(b)** Company will use its business judgment in exercising such discretion based on Company's assessment of Company's own interests and balancing those interests against the interests, promotion and benefit of the System and Franchised Business generally (including Company, and its Affiliates and other franchisees), and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee (examples of items that will promote or benefit the System and Franchised Business generally include, without limitation, enhancing the value of the Marks and/or the SWEET & SASSY brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); **(c)** Company will have no liability to Franchisee for the exercise of its discretion in this manner; and **(d)** even if Company has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Company's judgment so exercised and such action or decision will

not be subject to challenge for abuse of discretion. IF COMPANY TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT COMPANY'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR COMPANY'S DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

24.4. This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Company made in the franchise disclosure document (including its exhibits and amendments) that Company delivered to Franchisee in connection with this franchise offering. Except for those changes permitted to be made unilaterally by Company 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.

24.5. 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.

24.6. 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.

24.7. 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.

24.8. Time is of the essence with respect to all provisions in this Agreement.

24.9. Company disclaims all express and implied warranties and all other liability concerning any defects, malfunctions, or other deficiencies in equipment or other products manufactured by anyone other than Company or their affiliates, or such parties' acts or omissions. Franchisee agree not to make any claims against Company or their affiliates with respect to products that Company and their affiliates did not manufacture, even if Company or their affiliates sold Franchisee the product or designated or approved its source. Franchisee is required to assert any claims only against the manufacturer of the product, even if Franchisee obtained it through Company or their affiliate.

24.10. Company and Franchisee may not make any impress or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our relationship with Franchisee is other than franchisor and franchisee. Company will not be obligated for any damages to any person or property directly or indirectly arising from Franchisee's operation of the business Franchisee conduct under this Agreement.

24.11. Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledge that Company specifically reserve the full right and privilege, as Company deem best according to their business judgment, to vary Brand Standards or other aspects of the Franchise System for any franchisee. Franchisee have no right to require Company to grant Company a similar variation or accommodation. Company has the right to develop, operate, and change the Franchise System in any manner this Agreement does not specifically prohibit. Whenever this Agreement reserves

Company's right to take or withhold an action, or to grant or decline to grant Franchisee the right to take or omit an action, Company may, except as this Agreement specifically provides, make their decision or exercise our rights based on information then available to Company and their judgment of what is best for Company, franchisees generally, or the Franchise System when Company make their decision, whether or not Company could have made other reasonable or even arguably preferable alternative decisions and whether or not Company decision promotes our financial or other individual interest. Company acknowledge and agree that this exercise of our business judgement is not reviewable by a judge or arbitrator.

24.12. Franchisee acknowledge and agree that none of Company's past, present, or future directors, officers, employees, incorporators, members, partners, stockholders, subsidiaries, parents, affiliates, controlling parties, entities under common control, ownership, or management, vendors, service providers, agents, attorneys, or representatives will have any liability for (i) any of Company's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Company based on, in respect of, or by reason of the relationship between Franchisee and Company, or (iii) any claim against Company based on any of Company's alleged unlawful acts or omissions.

24.13 The Franchisee and the Company must acknowledge that the Company wants all terms of our business relationship to be defined in this written Agreement and that neither party wants to enter into a business relationship with the other which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, the parties agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between the parties. Each party agrees that neither party placed and will place no reliance on any such discussions. The Franchisee agree that no representations have been made to the Franchisee concerning this Agreement or the Franchised Business other than contained in this agreement and in the Franchise Disclosure Document the Franchisee received before the Franchisee signed this Agreement (the "FDD"). The Franchisee agrees that no claims, representations, warranties, or guarantees express or implied regarding actual or potential earnings sales profits or success of the Franchised Business have been made to the Franchisee other than as forth in item 19 of the FDD.

24.14 The Franchisee acknowledges that other Franchised Business franchisees have or will be granted franchises at different times and in different situations and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement. the Franchisee also acknowledge that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations the Company may grant to other of the Franchised Businesses (whether franchised or centers that the Company or its affiliate operate) and the Franchisee will not be entitled require the Company to grant similar variations or privileges to the Franchisee.

25. FRANCHISEE'S ACKNOWLEDGMENTS

25.1. Franchisee acknowledges and agrees that this Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreement, understandings, negotiations and discussions, whether oral or written, of the parties hereto, and there are no warranties, representations or other agreements between the parties hereto in connection with the subject matter hereof except as specifically set forth herein and therein. Except as specifically provided in Subsections 17.1(c) and 17.1(d), no supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party hereto to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

_____ [Franchisee's Initials]

25.2. Franchisee acknowledges, expressly represents, and warrants that no written or oral agreements, promises, commitments, undertakings or understandings were made to or with Franchisee that are not expressly set forth in this Agreement and any duly executed amendment or addendum attached to this Agreement.

_____ [Franchisee's Initials]

25.5. Franchisee acknowledges that no document that Subsection 13.7(b) requires will be binding on Company unless it is signed on Company's behalf by its authorized representative.

_____ [Franchisee's Initials]

25.6. Franchisee acknowledges, expressly represents, and warrants that this Agreement creates an arm's length commercial relationship that cannot and will not be transformed into a fiduciary or other "special" relationship by course of dealing, by any special indulgences or benefits that Company bestows on Franchisee, or by inference from a party's conduct.

_____ [Franchisee's Initials]

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

SWEET & SASSY FRANCHISING, LLC
a Texas limited liability company

FRANCHISEE

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

ATTACHMENT A
SITE SELECTION ADDENDUM

Sweet & Sassy Franchising, LLC (“Company”) and _____ (“Franchisee”) have, this ____ day of _____, 20____, entered into a certain Sweet & Sassy franchise agreement (“Franchise Agreement”) and desire to supplement its terms, as set out below. The parties hereto therefore agree as follows:

1. Criteria for Site Approval. Franchisee agrees that within ninety (90) days after the execution of the Franchise Agreement, it will locate and obtain the approval of Company for a site within the Designated Area for the establishment and operation of the Franchised Business.

Franchisee must submit to Company:

(a) a completed site review form designated by Company, which will include, among other things, demographic information, a site plan, and traffic-related information;

(b) if the premises for the proposed site are to be leased, satisfactory evidence that the lessor will agree to the minimum requirements contained in the lease rider to be executed between Company, Franchisee and the lessor in substantially the form attached to the Franchise Agreement as Attachment E; and

(c) any other information or materials as Company requires, such as a letter of intent or other document which confirms Franchisee’s favorable prospects for obtaining the proposed site.

2. Approved by Company. Upon receipt of all requested documentation, Company will notify Franchisee of its approval or disapproval in writing within a period of thirty (30) days. Franchisee agrees to accept all of Company’s decisions as final. Franchisee hereby acknowledges and agrees that Company’s approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Store or for any other purpose or of the financial success of operating the Franchised Business at such site. Upon approval of the site, the Business Address and Designated Area in the Summary pages and Attachment B to the Franchise Agreement, respectively, shall be completed.

3. Costs of On-Site Evaluation. If Company deems necessary, Company will undertake one (1) on-site evaluation of a proposed site free of charge. For all subsequent on-site evaluations requested by Franchisee or required by Company, Franchisee agrees to reimburse Company for its expenses, including, without limitation, travel expenses, and a per diem charge for room and board.

4. Extensions. Upon Franchisee’s written request, Company, without obligation, may grant a written extension or extensions to the period for approval of a proposed site.

5. Purchase Agreement/Lease. If Franchisee will purchase the premises for the Store, Franchisee shall submit a copy of the proposed contract of sale to Company for its written approval prior to its execution and shall furnish to Company a copy of the executed contract of sale within ten (10) days after execution. If Franchisee will occupy the premises of the Store under a lease, Franchisee shall submit a copy of the lease to Company for written approval prior to its execution and shall furnish to Company a copy of the executed lease within ten (10) days after execution. No lease for the Store premises shall be approved by Company unless a rider to the lease, prepared by Company and executed by Company, Franchisee and the lessor, in substantially the form attached to the Franchise Agreement as Attachment E, is attached to the lease and incorporated therein.

6. Definitions. All capitalized terms not defined herein shall have the meaning ascribed to them in the Franchise Agreement.

7. Effect and Interpretation. This addendum will be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this addendum will be controlling with

respect to the subject matter hereof. Except as modified or supplemented by this addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this addendum effective the day and year first above written.

COMPANY

SWEET & SASSY FRANCHISING, LLC
a Texas limited liability company

FRANCHISEE

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ATTACHMENT B
BUSINESS ADDRESS AND DESIGNATED AREA

The Business Address is located at:

The Designated Area is:

If the Designated Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Designated 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 executed this Attachment B as of the Effective Date.

COMPANY
SWEET & SASSY FRANCHISING, LLC
a Texas limited liability company

FRANCHISEE

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ATTACHMENT C
ACH AUTHORIZATION AGREEMENT
FOR PRE-AUTHORIZED PAYMENTS

Sweet & Sassy Franchising, LLC (“COMPANY”)
ID NUMBER:

The undersigned (“DEPOSITOR”) authorizes COMPANY to initiate debit entries to the Checking Account indicated below at the DEPOSITORY named below, and authorizes DEPOSITORY to debit to such account all entries COMPANY initiates.

DEPOSITORY

NAME

BRANCH

CITY

STATE

CHECKING ACCOUNT NO.

ROUTING NUMBER

DEPOSITOR agrees that this authorization will remain in force and effect until DEPOSITOR has given COMPANY written notice of its revocation in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on the notice.

DEPOSITOR'S
NAME

ID NUMBER

DEPOSITOR'S SIGNATURE

TITLE OF PERSON SIGNING (if signed in a representative capacity)

DATE

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE DEPOSITOR MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE DEBIT ORIGINATOR (COMPANY) IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

ATTACHMENT D1
SOCIAL MEDIA ACCOUNTS LICENSE AGREEMENT

This SOCIAL MEDIA ACCOUNTS LICENSE AGREEMENT (“Agreement”) is made pursuant to the terms of the Franchise Agreement dated _____ (“Franchise Agreement”) by and between Sweet & Sassy Franchising, LLC (“Company”) and _____ (“Franchisee”), authorizing Franchisee to use Company’s Marks and System in the operation of a retail store services (featuring clothing, accessories, and bath and beauty products), salon services (including haircuts, styling, mini-manicures and mini-pedicures), and themed party services (the “Franchised Business”) in and for the Designated Area.

For valuable consideration, Company hereby licenses to Franchisee, in accordance with the terms and conditions of this Agreement, the Social Media accounts (as defined in the Franchise Agreement) for use in connection with the Franchised Business. Franchisee may not create a new Social Media account without Company’s prior written authorization. Franchisee agrees to update this form as soon as possible to include Social Media accounts licensed by Company in the future.

1. **License.** Franchisee shall use all Social Media accounts and all content associated with the Social Media accounts only in connection with the operation and promotion of the Franchised Business. Franchisee has no right to sublicense use of the Social Media accounts. The Social Media accounts include, without limitation, those listed in the table below:

Service Provider	User Name

2. **Term.** Unless earlier terminated, the license granted by this Agreement is coterminous with the Franchised Business, and shall automatically terminate upon the termination or expiration of the Franchise Agreement.

3. **Nontransferable.** The license granted by this Agreement is nontransferable and non-assignable without the prior written consent of Company, which Company may grant or withhold in its sole discretion.

4. **Ownership of Social Media Accounts, Goodwill, Customer Information, Analytical Data and Content.** Franchisee acknowledges that Company owns the Social Media accounts, all goodwill, all SWEET & SASSY

customer information, all analytical data, and all content associated with the Social Media accounts. Franchisee's use of the Social Media accounts under this Agreement will inure to the sole benefit of Company. Company shall possess exclusive rights to "likes," "favorites," "retweets," "followers," and other similar benefits ("Benefit") that come as a result of Franchisee's use of the Social Media accounts. Nothing in this Agreement shall give Franchisee any right, title or interest in or to the Social Media accounts, goodwill, customer information, analytical data, content or Benefit associated with the Social Media accounts, other than the right to use it in accordance with this Agreement. Franchisee shall take no action inconsistent with Company's ownership of the Social Media accounts, goodwill, customer information, analytical data, content or Benefit associated with the use of the Electronic Identity, or assist any third party in attempting to claim adversely to Company, with regard to such ownership. Without limiting the generality of the foregoing, Franchisee specifically agrees that it will not (a) challenge Company's ownership of the Social Media accounts, goodwill, customer information, analytical data, content or any Benefit associated with the Social Media accounts; or (b) challenge the validity of this Agreement or any term or condition of the license granted herein.

5. **Use of the Social Media Accounts.** Franchisee undertakes that its use of the Social Media accounts under this Agreement (a) will comply in all material respects with the applicable platform's terms and conditions in force from time to time; (b) will not breach any applicable law, statute, regulation or legally binding code; (c) will not infringe the legal rights of any person in any jurisdiction; (d) will be used only to publish content about the Franchised Business; (e) will not breach any provision of the Franchise Agreement and will comply at all times with Company's policies, standards and specifications, as they exist from time to time.

6. **Termination and other Remedies.** Company, at its sole election and option, may terminate or suspend the license granted by this Agreement during any period that Franchisee is in breach of this Agreement or the Franchise Agreement. Upon termination or during such suspension, Company may prohibit or restrict Franchisee's access to the Social Media accounts.

7. **Expiration or Termination.** Upon expiration or termination of this Agreement, all rights to use the Social Media accounts shall revert automatically to Company. Company may take all actions necessary to retain control over of the Social Media accounts including, without limitation, denying Licensee's access to the content associated with the Social Media accounts.

8. **No Waiver.** No failure of Company to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Company's right to demand exact compliance with any of the terms herein.

9. **Indemnification.** Franchisee shall defend, indemnify and hold harmless Company and its directors, shareholders, managers, members, employees and agents from any and all claims, demands, action, proceeding, or cause of action, for damage or injury to persons or property, arising out of or connected to Franchisee's use of the Social Media accounts.

10. **Power of Attorney.** Franchisee irrevocably constitutes and appoints Company as Franchisee's agent and attorney-in-fact for the purposes of (i) signing and delivering any Transfer of Service Agreement or comparable document the telephone company requires to transfer the rights in the Numbers from Franchisee to Company or its designee, and (ii) canceling and revoking any call-forwarding or similar instructions Franchisee has issued to the telephone company with respect to any of the Numbers, with power to sign Franchisee's name and otherwise to act in Franchisee's name, place and stead.

11. **Construction, Choice of Law, and Forum Selection.** Capitalized terms not defined in this Agreement shall have the definition given to them in the Franchise Agreement. This Agreement shall be governed by the choice of law and forum selection provisions contained in the Franchise Agreement, the terms of which are incorporated by reference.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers or agents as of the day and year first above written.

COMPANY

SWEET & SASSY FRANCHISING, LLC
a Texas limited liability company

FRANCHISEE

_____,

a _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT D2
ASSIGNMENT OF TELEPHONE NUMBER(S)

This Assignment relates to:

Name of Franchisee: _____

Address of Business: _____

Telephone Number(s): () ; () ; ()

For valuable consideration, the Franchisee identified above ("Franchisee") assigns and transfers to Sweet & Sassy Franchising, LLC ("Company") all of Franchisee's rights and interests in each and all of the telephone numbers listed above (the "Numbers").

Franchisee authorizes Company to file this Assignment with the telephone company that issued the Numbers for the purposes of establishing Company's claim to and right to designate the user of the Numbers.

Franchisee irrevocably constitutes and appoints Company as Franchisee's agent and attorney-in-fact for the purposes of (i) signing and delivering any Transfer of Service Agreement or comparable document the telephone company requires to transfer the rights in the Numbers from Franchisee to Company or its designee, and (ii) canceling and revoking any call-forwarding or similar instructions Franchisee has issued to the telephone company with respect to any of the Numbers, with power to sign Franchisee's name and otherwise to act in Franchisee's name, place and stead.

Franchisee agrees to reimburse Company the amount of any local service and long-distance charges the telephone company requires that Company paid to obtain the Numbers, together with interest as provided in the Franchise Agreement for the Franchised Business.

Franchisee represents and warrants to Company that Franchisee obtained the Numbers in his or her own name, and that Franchisee is the person of record the telephone company will recognize as registered user or "owner" of the Numbers.

COMPANY
SWEET & SASSY FRANCHISING, LLC
a Texas limited liability company

FRANCHISEE

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ATTACHMENT E
LEASE RIDER

This Lease Rider is executed as of this _____ day of _____, _____, by and between _____ ("Franchisee") and _____, ("Landlord") as a Rider to the lease (as amended, renewed, and/or extended from time to time, "the Lease") for the premises located at _____, state of _____ (the "Location") dated as of _____.

WHEREAS, Franchisee has executed or intends to execute a Franchise Agreement (the Franchise Agreement") with Sweet & Sassy Franchising, LLC ("Company") for the operation of a Sweet & Sassy at the Location, and as a requirement thereof, the lease for the Location must include the provisions contained in this Rider; and

WHEREAS, Landlord and Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease;

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord shall deliver to Company a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.
2. Notwithstanding anything to the contrary contained in the Lease, Franchisee shall have the absolute right to sublet, assign or otherwise transfer its interest in the Lease to Company or its affiliate, or to a corporation with which Franchisee or Company may merge or consolidate, without Landlord's approval, written or otherwise, and without execution of a guarantee of Company's obligations thereunder. In such event, Landlord agrees not to impose an assignment fee or similar assessment, or to increase or accelerate rent under the Lease, in connection with such assignment.
3. Franchisee shall, if requested by Company, assign to Company, and Landlord hereby irrevocably and unconditionally consents to such assignment, without imposing an assignment fee or similar assessment, all of Franchisee's rights, title and interest to and under the Lease upon any termination or if no successor franchise agreement is executed, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without execution of a successor franchise agreement; and (b) Company notifies the Franchisee and Landlord in writing that Company assumes Franchisee's obligations under the Lease.
4. Company shall have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests there under.
5. The Lease may not be modified, amended, renewed or extended in any manner or assigned by Franchisee without Company's prior written consent.
6. Franchisee and Landlord acknowledge and agree that Company shall have no liability or obligation whatsoever under the Lease unless and until Company assumes the Lease in writing pursuant to Sections 2, 3 or 4 above. Company will assume all of Franchisee's obligations under the lease from and after the date of assignment, but shall have no obligation to pay any delinquent rent or to cure any other default under the lease that occurred or existed prior to the date of the assignment.
7. If Company assumes the Lease, as above provided, Company may further assign the Lease to another person or entity, without being required to pay an assignment fee or similar assessment, to operate the Franchised Business at the Location, subject to Landlord's consent which consent will not be

unreasonably withheld or delayed. Landlord agrees to execute such further documentation to confirm its consent to the assignments permitted under this Rider as Company may request.

8. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Company and its personnel or agents shall have the right to enter the Location for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Company, its personnel or agents. Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without execution of a successor franchise agreement) or is terminated; Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the location as a Franchised Business. Landlord agrees to permit Company, its personnel or agents, to enter the Location and remove signs, decor and materials displaying any marks, designs or logos owned by Company, provided Company shall bear the expense of repairing any damage to the Location as a result thereof.

9. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Company at 4008 Gateway Drive, Ste. 120, Colleyville, Texas 76034 or such other address as Company shall specify by written notice to Landlord.

10. Under the Franchise Agreement, any lease for the location of the Store is subject to Company's approval. Accordingly, the Lease is contingent upon such approval.

LANDLORD

FRANCHISEE

By: _____
Name: _____

By: _____
Name: _____

ATTACHMENT F
CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE

This Confidentiality Agreement (this "Agreement") is made and entered into this _____ day of _____, 20____, between Sweet & Sassy Franchising, LLC, a Texas limited liability company, with its principal business address at 4008 Gateway Drive, Ste. 120, Colleyville, Texas 76034 ("Company"), _____, ("Franchisee") and _____, an _____ residing at _____ ("Recipient").

RECITALS

WHEREAS, Company, as the result of the expenditure of time, skill, effort and money, has acquired the right to use and license others to use a distinctive System for the development and operation of Franchised Business that operate under the Sweet & Sassy trade name;

WHEREAS, the System includes, but is not limited to, the business methods, designs and arrangements and Standards for developing and operating Franchised Business, which are identified by the Marks, including those pertaining to conversion/site selection, construction, building design, signage and layouts, equipment, ingredients, recipes, methods of preparation and specifications for authorized food and beverage products, training, methods of inventory control and certain operating and business standards and policies, daily operations guides and programs, advertising and marketing programs and information technology, all of which Company may improve, further develop or otherwise modify from time to time;

WHEREAS, Company's Confidential Information developed and used in connection with the System provides economic advantages to Company and includes information and know-how not generally known to, and not readily ascertainable by proper means by, Company's competitors who could obtain economic value from knowledge and use of the Confidential Information;

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

WHEREAS, Company has granted Franchisee the limited right to develop a Franchised Business using the System, the Marks and Confidential Information for the period defined in the Franchise Agreement made and entered into on _____, 20____ ("Franchise Agreement"), by and between Company and Franchisee;

WHEREAS, Company and Franchisee have agreed in the Franchise Agreement on the importance to Company and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Confidential Information;

WHEREAS, it will be necessary for certain personnel, agents, independent contractors, officers, directors, partners and interest holders of Franchisee, or any entity having an interest in Franchisee to have access to and to use some or all of the Confidential Information in the management and operation of the Franchised Business using the System;

WHEREAS, Franchisee has agreed to obtain from recipients of Confidential Information written Agreements protecting the System against unfair competition;

WHEREAS, Recipient wishes to remain, or wishes to become employed by or associated with Franchisee;

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

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

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Recipient expressly acknowledges that Recipient possesses skills and abilities of a general nature and has other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Agreement will not deprive Recipient of any personal goodwill or ability to earn a living.
2. Company and/or Franchisee will disclose to Recipient some or all of the Confidential Information relating to the System. As used in this Agreement, "Confidential Information" shall include all items contemplated in the Franchise Agreement's definition "Confidential Information" as well as any and all other information and materials, including, without limitation, any manuals, drawings, specifications, techniques and compilations of data which Company provides to Franchisee and/or Recipient.
3. Recipient will receive the Confidential Information in confidence and will, at all times, maintain them in confidence, and use the Confidential Information only in the course of his or her employment by or association with Franchisee and then only in connection with the development and/or operation by Franchisee of Franchised Business using the System for so long as Franchisee is licensed by Company to use the System.
4. Recipient will not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Company's written permission.
5. Recipient will not at any time disclose or permit the disclosure of the Confidential Information except to other personnel of Franchisee and only to the limited extent necessary to train or assist other personnel of Franchisee in the development or operation of a Franchised Business using the System.
6. *(a)* If Recipient has a direct or indirect, legal or beneficial Ownership Interest of any type in Franchisee, including but not limited to *(i)* in relation to a corporation, the ownership of shares in the corporation; *(ii)* in relation to a partnership, the ownership of a general partner or limited partnership interest; *(iii)* in relation to a limited liability company, the ownership of a membership interest; or *(iv)* in relation to a trust, the ownership of the beneficial interest of such trust, Recipient covenants and agrees that, during the term of the Franchise Agreement and for two years after Recipient ceases to have such ownership interest or for two years after the Franchise Agreement has terminated for any reason, whichever occurs earlier, Recipient will not own or operate, directly or indirectly, or accept employment by or hold an interest in any business offering retail stores services, salon services and/or party services (in any combination thereof), in which more than 10% of all products or services offered are designed to appeal to children ages five to 12 (a "Competitive Business"), except as a franchisee of Company. Recipient's covenant not to compete will apply within a 10-mile radius from the location of the Store and any Company-owned or franchised Store is then operating or under development. For purposes of this Paragraph, "DMA" means Designated Market Area, an advertising term that Neilson Rating Service or its successor uses to demarcate the primary coverage of broadcast and print media in given markets. The boundaries of a particular DMA will be determined by reference to television coverage. For purposes of calculating the duration of the two-year period, any time during which Recipient (as applicable) is in violation or breach of the covenant shall be excluded. Recipient acknowledges that Recipient's covenant not to compete is reasonable and necessary to protect the business and goodwill of Company and to avoid misappropriation or other unauthorized use of the System and Company's Confidential Information. Recipient acknowledges and confirms that Recipient possesses the education, training and experience necessary to earn a reasonable livelihood apart from operating a business that offers Business-style products and services as its principal product or service.
(b) The parties agree that the foregoing covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in Section 6(a) is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Company is a party, Recipient expressly agrees 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 Section 6(a).

(c) Recipient understands and acknowledges that Company shall have the right to reduce the scope of any covenant set forth in Section 6(a), or any portion thereof, without his or her consent, effective immediately upon notice to Recipient; and Recipient agrees that he or she shall comply forthwith with any covenant as so modified, which shall be enforceable notwithstanding the provisions of Section 17 hereof.

7. Recipient will surrender any material containing some or all of Company's Confidential Information to Franchisee or Company, upon request, or upon termination of employment by or association with Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Recipient.

8. Recipient will not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

9. All manuals are loaned by Company to Franchisee for limited purposes only and remain the property of Company and may not be reproduced, in whole or in part, without Company's written consent.

10. Any capitalized terms used but not defined in this Agreement shall have the meaning set forth in the Franchise Agreement.

11. Franchisee will make all efforts to ensure that Recipient acts as required by this Agreement.

12. Recipient agrees that in the event of a breach of this Agreement, Company would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Company will be entitled to enforce the provisions of this Agreement and will be entitled, in addition to any other remedies which are made available to it at law or in equity (including any right to terminate the Franchise Agreement, as provided therein), to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

13. Recipient agrees to pay all expenses (including court costs and attorneys' fees) incurred by Company and Franchisee in enforcing this Agreement.

14. Any failure by Company or the Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Recipient will not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Recipient.

15. THIS AGREEMENT SHALL FOR ALL PURPOSES BE GOVERNED BY AND INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS. RECIPIENT HEREBY IRREVOCABLY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM OR HER IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY APPLICABLE LAW. RECIPIENT FURTHER AGREES THAT EXCLUSIVE VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT WILL BE ANY FEDERAL OR STATE COURT SERVING THE JUDICIAL DISTRICT IN WHICH COMPANY MAINTAINS ITS PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, COMPANY MAY BRING SUCH ACTION IN ANY COURT THAT HAS JURISDICTION.

16. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Company. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision

of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Company is a party, Recipient expressly agrees 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 Agreement.

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

18. For any breach of the obligations of Section 6 of this Agreement, and due to the difficulty of establishing the precise amount of damages for breach of these obligations, in addition to all other remedies provided for in this Agreement or otherwise available to Company, Recipient agrees to pay Company an amount equal to fifty percent (50%) of the gross revenues generated by a Competitive Business with which Recipient is associated for a period equal to the duration Recipient is associated with the Competitive Business. Demand for payment of liquidated damages does not constitute an election of remedies and any payments received shall be in addition to and not in lieu of any other remedies available to Company at law or in equity.

19. All notices permitted or required to be delivered pursuant to the provisions of this Agreement shall be delivered in writing to the appropriate address listed above for Company and Franchisee (for Recipient, the address listed in this Section 19) or such other address as the parties shall specify by written notice, and will be deemed so delivered: *(a)* at the time delivered by hand; *(b)* one day after transmission by facsimile (provided that the sender confirms the facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within five days after transmission); *(c)* one day after being placed in the hands of a commercial courier service for next day delivery, provided there is proof of receipt; or *(d)* three days after placement in the United States Mail by certified mail, return receipt requested, postage prepaid; and must be addressed to the party to be notified at the address listed above for Company and Franchisee (for Recipient, the address listed in this Section 19) or such other address as the party shall specify by written notice.

If directed to Recipient, the notice will be addressed to:

Attention: _____

Facsimile: _____

20. The rights and remedies of Company under this Agreement are fully assignable and transferable and will inure to the benefit of its respective Affiliates, successors and assigns. The respective obligations of Franchisee and Recipient hereunder may not be assigned by Franchisee or Recipient, without the prior written consent of Company. Any assignment or attempted assignment lacking Company's prior written consent or that otherwise violates the restrictions in this Section 20 will be ineffective against Company.

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

COMPANY
SWEET & SASSY FRANCHISING, LLC
a Texas limited liability company

FRANCHISEE

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

RECIPIENT

By: _____
Name: _____

ATTACHMENT G
PERSONAL GUARANTY AND PRINCIPALS' UNDERTAKING

In consideration of, and as an inducement to, the execution of the Franchise Agreement dated as of _____, including any appendices and amendments thereto (the "Agreement"), by and between Sweet & Sassy Franchising, LLC ("Company") and _____ ("Franchisee"), each of the undersigned Principals hereby personally and unconditionally: (1) guarantees to Company and its successors and assigns, for the Term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform the agreements and covenants expressly provided by the terms of the Agreement; (2) acknowledges that each is included in the term "Principal" as described in Section 1 of the Agreement and without limiting any guaranteee of Franchisee's obligations under the Agreement, makes all of the covenants, representations, warranties and agreements of Principals set forth in the Agreement and is obligated to perform thereunder for so long as he or she qualifies as a Principal and thereafter to the extent expressly provided by the terms of the Agreement, including, but not limited to, the covenants, representations, warranties and agreements described in the following Sections of the Agreement: Section 17 (regarding non-competition and confidentiality), 13 (regarding Transfer) and 8.28 and 8.29 (regarding indemnification); and (3) represents that each and every representation of Franchisee made in connection with the Agreement is true, correct and complete in all respects as of the time given and as of the time of the undersigned's execution of this Personal Guaranty and Undertaking.

Any capitalized terms used but not defined in this Personal Guaranty and Principals' Undertaking shall have the meaning set forth in the Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Company of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; (5) notice of any amendment to the Agreement; and (6) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Personal Guaranty and Principals' Undertaking shall be joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses to do so punctually; (3) such liability shall not be contingent or conditioned upon pursuit by Company of any remedies against Franchisee or any other person; and (4) such liability shall not be diminished, relieved or otherwise effected by any extension of time, credit or other indulgence which Company may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Personal Guaranty and Principals' Undertaking, which shall be continuing and irrevocable until satisfied.

Each of the undersigned agrees that the state or federal court serving the judicial district in which Company maintains its principal place of business, shall be the exclusive venue and forum in which to adjudicate any case or controversy arising from or relating to this Agreement and this Personal Guaranty and Principals' Undertaking. Each of the undersigned irrevocably submits to the jurisdiction of such courts and waives any objections to either the jurisdiction of or venue in such courts. Each of the undersigned agrees that personal jurisdiction may be effected by service of process and that when so made shall be as if served personally. Each of the undersigned irrevocably waives, to the fullest extent the undersigned may lawfully do so, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding and agrees that service of process for purposes of any such suit, action or proceeding need not be personally served or served within the State of Texas but may be served with the same effect as if served within the State of Texas, by certified mail or any other means permitted by law addressed to the undersigned at the address

set forth herein. Nothing contained herein shall affect Company's rights to bring a suit, action or proceeding in any other appropriate jurisdiction, including any suit, action or proceeding brought to enforce any judgment against one or more of the undersigned entered by a state or federal court.

Each of the undersigned further acknowledges and agrees as follows:

Each has read the terms and conditions of the Agreement and acknowledges that the execution of this Personal Guaranty and Principals' Undertaking is in partial consideration for, and a condition to the granting of the rights to the Marks and the System, and the Company would not have granted such rights without the execution of this Personal Guaranty and Principals' Undertaking by each of the undersigned;

This Personal Guaranty and Principals' Undertaking shall remain in force notwithstanding the death of the undersigned, and shall be binding on the undersigned's personal representatives; and

This Personal Guaranty and Principals' Undertaking shall continue and shall be enforceable notwithstanding any change in the name or the constitution of the Company or Franchisee.

Each of the undersigned represents and warrants that the following is a complete and accurate list of all Principals of Franchisee and a description of the nature and extent of each Principal's Ownership Interest in Franchisee, and each Principal as to his Ownership Interest, represents and warrants that each Principal is the sole and exclusive legal and beneficial owner of his Ownership Interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Personal Guaranty and Principals' Undertaking.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Agreement was executed.

OWNERSHIP INTEREST IN
FRANCHISEE:

PRINCIPAL(S):

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

ATTACHMENT H
LIABILITY WAIVER BY FRANCHISEE

I am an/the owner of _____ (“Franchisee Company”). Franchisee Company has signed a franchise agreement with Sweet & Sassy Franchising, LLC. In consideration for the training to be provided to my employees and/or me by and Sweet & Sassy Franchising, LLC and/or its affiliates (collectively, “SSF”), I agree, both for myself and on behalf of Franchisee Company, to hold SSF harmless from, and I hereby waive any and all liability of SSF and its officers, directors, agents, employees, insurers, and franchisees for, any injury, claim, damage, or incident which occurs in the course of training at any SWEET & SASSY store or other designated training facility(s) owned or controlled by SSF, specifically including personal injury, property damage, and employment-related claims, and even if caused in whole or in part by the negligence of SSF or any SSF employee.

I understand that:

- SSF has invited my employees and me onto its premises for training solely by virtue of Franchisee Company’s franchise relationship with SSF;
- Training may involve a variety of risks, including the risk of physical and/or emotional injury and property damage; and
- SSF assumes no liability to me, Franchisee Company, or employees of Franchisee Company for any harm or claims of harm incurred or allegedly while in training and/or on SSF’s premises.

I acknowledge that my employees must look solely to Franchisee Company and its benefits programs and workers compensation insurance to cover the costs of any treatment for injuries or other losses or damages that my employees may sustain in training. Neither I nor Franchisee Company will attempt to hold SSF liable or financially responsible for any such losses or damages. I acknowledge that the indemnification clause of Franchisee Company’s franchise agreement with SSF will apply to any claim against SSF by any of Franchisee Company’s (or its affiliates’) employees.

I certify that Franchisee Company has and will maintain minimum insurance coverage as required by the franchise agreement, including worker’s compensation and employees’ liability per statutory requirements. At SSF’s request, I agree to provide a certificate of insurance completed by Franchisee Company’s insurance carrier, certifying that the required minimum insurance coverage is in effect.

I give my consent for SSF to arrange for medical treatment for any illness or injury that I or my employees might suffer while participating in the training program.

FRANCHISEE COMPANY:

By: _____

Date: _____, Individually

ATTACHMENT I
ADA CERTIFICATION

Sweet & Sassy Franchising, LLC (“**Company**”) and [NAME OF FRANCHISEE] (“**Franchisee**”) are parties to a Franchise Agreement dated [EFFECTIVE DATE] (“**Franchise Agreement**”), for the operation of a SWEET & SASSY Store at [ADDRESS OF FRANCHISE LOCATION] (the “**Franchised Business**”). Franchisee certifies to Company that, to the best of Franchisee’s knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification which is hereby provided by Franchisee does not constitute ownership, control, leasing or operation of the Franchised Business by Company. Franchisee acknowledges that Company has relied upon the information contained in this certification. Furthermore, Franchisee acknowledges its obligation under this Franchise Agreement to indemnify Company and the officers, members, managers, and employees of Company in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified parties as a result of any matters associated with Franchisee’s required compliance with the Americans with Disabilities Act, as well as the costs, including attorneys’ fees, related to the same.

FRANCHISEE:

By: _____
[Name, Title]

Date: _____

ATTACHMENT J
STATE SPECIFIC AMENDMENTS

SWEET & SASSY FRANCHISING, LLC
ILLINOIS AMENDMENT TO THE FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT effective _____, ("Amendment") is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement ("Franchise Agreement") between Sweet & Sassy Franchising, LLC ("Company") and _____ ("Franchisee").

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1-44, (collectively, the "Act"). To the extent that this Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Section 41 of the Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
- b. Any release of claims or acknowledgments of fact contained in the Franchise Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.
- c. Section 4 of the Act provides that, if this Franchise Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims.
- d. Illinois law shall apply to and govern the Franchise Agreement.
- e. If this Agreement requires a jury trial waiver, to the extent that such provision conflicts with the Illinois Franchise Disclosure Act, the Act will control.
- f. Your rights upon termination and non-renewal of the Franchise Agreement are set forth in Sections 19 and 20 of the Act.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act and law applicable to the provisions are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.

3. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

COMPANY:

SWEET & SASSY FRANCHISING, LLC
a Texas limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

[FRANCHISEE]

By: _____
Name: _____
Title: _____

SWEET & SASSY FRANCHISING, LLC
VIRGINIA AMENDMENT TO THE FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT effective _____, (“Amendment”) is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (“Franchise Agreement”) ”) between Sweet & Sassy Franchising, LLC (“Franchisor” or “Company”) and _____ (“Franchisee”).

Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Section 15.13, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*);
2. Pursuant to Section 13.1564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
3. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

COMPANY:

SWEET & SASSY FRANCHISING, LLC
a Texas limited liability company

FRANCHISEE:

[FRANCHISEE]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT C
OPERATIONS MANUAL TABLE OF CONTENTS

SWEET & SASSY
Franchise Disclosure Document

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EXHIBIT D
LIST OF CURRENT FRANCHISEES

SWEET & SASSY
Franchise Disclosure Document

LIST OF CURRENT FRANCHISEES
AS OF DECEMBER 31, 2023

FRANCHISEE	STORE ADDRESS	CITY	ST	ZIP	TELEPHONE
GEORGIA					
Phil Dacosta	The Avenue Forsyth 410 Peachtree Parkway, #342	Cumming	GA	30041	770-781-0300
Zach Clark	12315 Crabapple Road #102	Alpharetta	GA	30004	770-504-5811
MISSOURI					
Jennifer LoGrasso	West County Center 80 West County Center, #1310	St. Louis	MO	63131	314-909-1901
NEW JERSEY					
Tiffany Sandt	1588 Kings Highway #29	Cherry Hill	NJ	08034	856-446-3295
Mariam Ebraheem Nader Ebraheem	216 E. Ridgewood Avenue	Ridgewood	NJ	07450	201-670-0123
OHIO					
None					
PENNSYLVANIA					
Tiffany Sandt	Shops at Saucon Valley 3045 Center Valley Parkway, Suite 104	Center Valley	PA	18034	610-797-9338
Illyse Cohen Chris Gorham	Providence Town Center 250 Plaza Drive	Collegeville	PA	19426	610-489-7465
TEXAS					
Alondra LeBeaux	6323 Camp Bowie Blvd #111	Fort Worth	TX	76116	817-587-0472
Schellcy Courtney Turner ¹	9240 North Sam Houston Parkway East, Suite 106	Humble	TX	77396	832-501-1717
Niya & Esther Adisa	6445 FM 1463 Ste 210	Katy	TX	77494	281-990-4838
Schellcy Courtney Turner	2730 Smith Ranch Rd #117	Pearland	TX	77584	713-597-7086
Wasem Demashkiah Dania Demashkiah	The Shops at Willow Bend 6121 W. Park Blvd.	Plano	TX	75093	469-546-1010
Tracy Campbell	5347 W. Loop 1604 N Ste. 136	San Antonio	TX	78253	210-321-9824
Tracy Campbell	15069 N I35 Suite 216	Selma	TX	78154	830-445-2985

FRANCHISEE	STORE ADDRESS	CITY	ST	ZIP	TELEPHONE
VIRGINIA					
Kevin Morel Joy Morel	1601 Village Market Blvd., SE Suite #124	Leesburg	VA	20175	703-777-4747

Note 1: In November 2023, Teri Wyle terminated the franchise Agreement and sold all interest to the Company. Subsequently, this protected area was sold by the Company to Glam Squad Two LLC.

**LIST OF CURRENT FRANCHISEES
WITH SIGNED FRANCHISE AGREEMENT BUT STORE NOT OPEN
AS OF DECEMBER 31, 2023**

FRANCHISEE	STORE ADDRESS	CITY	ST	ZIP	TELEPHONE
ARIZONA					
LaCheris Luster	TBD	Maricopa County	AZ		520-226-7002
TEXAS					
Lucretia Thomas	TBD	Grand Prairie	TX		504-710-3200

**LIST OF FRANCHISEES WHO OPENED DURING THE PERIOD
JANUARY 1, 2023 TO DECEMBER 31, 2023**

FRANCHISEE	STORE ADDRESS	CITY	ST	ZIP	TELEPHONE
TEXAS					

EXHIBIT E
SWEET & SASSY
Franchise Disclosure Document
LIST OF FORMER FRANCHISEES

**LIST OF FORMER FRANCHISEES
AS OF DECEMBER 31, 2023**

This list contains those franchisees who have had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year ending December 31, 2022, or who have not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

FRANCHISEE	CITY	ST	TELEPHONE OR E-MAIL
Nisha Khanna	Shrewsbury	NJ	732-591-0020
Kim Farmer	Columbus	OH	km_farmer@yahoo.com
Tiffany Sandt**	Columbus	OH	614-433-9999
Teri Wyle	Friendswood	TX	281-973-8035

**Indicates these franchisees still own other locations.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT F
SWEET & SASSY
Franchise Disclosure Document
FINANCIAL STATEMENTS

SWEET & SASSY FRANCHISING, LLC

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023, 2022 AND 2021 AND FOR
THE YEARS THEN ENDED

TOGETHER WITH AUDITOR'S REPORT

February 29, 2024

To the Stockholders
Sweet & Sassy Franchising, LLC
Fort Worth, Texas

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Sweet & Sassy Franchising, LLC (a Texas Limited Liability Company), which comprise the balance sheets as of December 31, 2023, 2022 and 2021, and the related statements of income, member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sweet & Sassy Franchising, LLC as of December 31, 2023, 2022 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from a 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sweet and Sassy Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sweet & Sassy Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

Spillar, Mitcham, Eaton & Bicknell, LLP
Fort Worth, Texas

SWEET AND SASSY FRANCHISING, LLC
BALANCE SHEETS
DECEMBER 31, 2023, 2022 AND 2021

<u>ASSETS</u>			
	2023	2022	2021
CURRENT ASSETS			
Cash	\$ 81,659	\$ 69,627	\$ 39,623
Accounts receivable-royalties	24,862	21,751	19,493
Accounts receivable-franchise fees	42,000		
Franchise fees receivable	-	-	40,833
Credit card overpayment	1,582	-	7,975
Receivable from related parties	<u>733,867</u>	<u>671,758</u>	<u>634,260</u>
Total Current Assets	883,970	763,136	742,184
PROPERTY AND EQUIPMENT			
Furniture and equipment	96,832	96,832	67,367
Less: accumulated depreciation	<u>72,045</u>	<u>68,127</u>	<u>66,972</u>
Total Property and Equipment	24,787	28,705	395
OTHER ASSETS			
Other assets-not yet in service	-	6,241	16,907
Total Other Assets	-	6,241	16,907
TOTAL ASSETS	<u><u>\$ 908,757</u></u>	<u><u>\$ 798,082</u></u>	<u><u>\$ 759,486</u></u>
<u>LIABILITIES AND MEMBER EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 3,253	\$ 20,553	\$ 14,482
Gift cards payable - net of allowance	172,702	107,169	180,436
Deferred payroll and payroll tax	9,280	9,543	7,924
Payable to related party	-	29,500	12,500
Accrued interest	11,180	14,966	9,007
Deferred revenue	318,550	292,250	196,626
Current-portion of notes payable	<u>2,779</u>	<u>6,919</u>	<u>4,280</u>
Total Current Liabilities	517,744	480,900	425,255
LONG TERM LIABILITIES			
Notes payable less current-portion	<u>147,121</u>	<u>142,981</u>	<u>145,620</u>
TOTAL LIABILITIES	664,865	623,881	570,875
MEMBER EQUITY			
Member equity	<u>243,892</u>	<u>174,201</u>	<u>188,611</u>
TOTAL LIABILITIES AND MEMBER EQUITY	<u><u>\$ 908,757</u></u>	<u><u>\$ 798,082</u></u>	<u><u>\$ 759,486</u></u>

The accompanying notes are an integral part of these financial statements.

SWEET AND SASSY FRANCHISING, LLC
 STATEMENTS OF INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES			
Royalty income	\$ 475,433	\$ 485,712	\$ 393,344
Franchise fees	63,700	30,375	30,750
Unused gift card revenue	27,294	89,989	10,983
Other income	<u>21,216</u>	<u>9,815</u>	<u>3,000</u>
Total Revenues	587,643	615,891	438,077
EXPENSES			
Advertising	43,866	29,838	35,272
Website	52,500	55,500	67,900
Depreciation	3,918	1,155	335
Office and administrative expenses	86,969	106,309	109,973
Legal and accounting fees	47,218	47,217	59,180
Rents	-	44,029	21,939
Contract labor	10,537	96,381	34,825
Personnel costs	253,744	220,678	157,532
Other taxes	-	-	128
Interest expense	5,716	6,026	5,843
Franchise training	-	487	497
Travel	<u>6,804</u>	<u>8,681</u>	<u>10,035</u>
Total Expenses	<u>511,711</u>	<u>616,301</u>	<u>503,459</u>
NET INCOME (LOSS) FROM OPERATIONS	75,932	(410)	(65,382)
OTHER INCOME (EXPENSE)			
Loss on disposal of asset	(6,241)		
Forgiveness of debt	<u>-</u>	<u>-</u>	<u>23,155</u>
NET INCOME (LOSS)	<u>\$ 69,691</u>	<u>\$ (410)</u>	<u>\$ (42,227)</u>

The accompanying notes are an integral part of these financial statements.

SWEET AND SASSY FRANCHISING, LLC
STATEMENTS OF MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

Member's Equity at January 1, 2020	\$ 230,838
Net loss for 2020	<u>(42,227)</u>
Member's Equity at December 31, 2021	188,611
Member distributions	(14,000)
Net loss for 2022	<u>(410)</u>
Member's Equity at December 31, 2022	174,201
Net income for 2023	<u>69,691</u>
Member's Equity at December 31, 2023	<u>\$ 243,892</u>

The accompanying notes are an integral part of these financial statements.

SWEET AND SASSY FRANCHISING, LLC
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES			
Net income (loss)	\$ 69,691	\$ (410)	\$ (42,227)
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	3,918	1,155	335
Loss of asset disposal	6,241	-	(23,155)
Forgiveness of debt	-	-	(16,284)
Decrease (increases) in receivables	(45,111)	38,575	(28,047)
(Increase) in receivable from related parties	(62,109)	(37,498)	-
Increase (decrease) in overpaid credit card	(1,582)	7,975	-
Increase (decrease) in payables and accrued expenses	(21,349)	13,649	58,554
Increase (decrease) gift cards payable	65,533	(73,267)	59,819
Increase (decrease) in deferred revenue	<u>26,300</u>	<u>95,624</u>	<u>5,954</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	41,532	45,803	14,949
FINANCING ACTIVITIES			
Proceeds from loans	-	-	23,155
Distribution to member	-	(14,000)	-
Borrowing to/from member - net	<u>(29,500)</u>	<u>17,000</u>	<u>7,500</u>
NET CASH PROVIDED BY (USED) IN FINANCING ACTIVITIES	(29,500)	3,000	30,655
INVESTING ACTIVITIES			
Purchase of physical property	-	(18,799)	-
Purchase of assets not yet in service	<u>-</u>	<u>-</u>	<u>(16,907)</u>
NET CASH PROVIDED BY (USED) IN INVESTING ACTIVITIES	<u>-</u>	<u>(18,799)</u>	<u>(16,907)</u>
NET INCREASE (DECREASE) IN CASH	12,032	30,004	28,697
CASH - BEGINNING OF YEAR	<u>69,627</u>	<u>39,623</u>	<u>10,926</u>
CASH - END OF YEAR	<u>\$ 81,659</u>	<u>\$ 69,627</u>	<u>\$ 39,623</u>
 INTEREST PAID	 <u>\$ 9,502</u>	 <u>\$ -0-</u>	 <u>\$ -0-</u>

The accompanying notes are an integral part of these financial statements.

SWEET AND SASSY FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS ACTIVITY

Sweet & Sassy Franchising, Inc. was incorporated as a Texas Corporation in 2005. In January 2007 Sweet & Sassy Franchising, Inc. converted from a Texas corporation to a Texas limited liability company under the name Sweet & Sassy Franchising, LLC (the "Company").

The Company was formed for the purpose of marketing franchises that operate SWEET & SASSY businesses. These businesses offer a combination retail (clothing, accessories), salon (haircuts, styling, nails) and theme party services that appeal to girls 4 to 13 years old. The Company also sells gift cards that can be used in the franchise stores.

The franchises operate under the trademark SWEET & SASSY, which has been registered by Sweet & Sassy IP (SSIP), a related company, under a nonexclusive perpetual license (the "License"). The License grants the Company the right to sub-license the use of this trademark and the proprietary information related to the Company's proprietary business format and system, such as the know-how and manuals, for the purpose of licensing them to franchisees.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

PROPERTY AND EQUIPMENT/DEPRECIATION

Physical property includes furniture and fixtures, computer and office equipment, and software.

All assets are recorded at cost and depreciation is computed using the straight-line and tax method over the estimated lives of the assets. The lives range from three to seven years. Depreciation for 2022 is \$1,155, for 2021 is \$335, and for 2020 is \$977.

Tax methods used do not vary materially from generally accepted methods.

INCOME TAXES

The financial statements do not include a provision for income tax because the LLC has elected to be taxed as an partnership which does not incur federal income tax. Instead, earnings or losses are included in the member's personal income tax return.

Generally, the tax returns related to the Company's activities remain open for three years for federal income tax examination and four years for Texas state margin tax.

SWEET AND SASSY FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REVENUE RECOGNITION

Initial fees to acquire a franchise are normally due on the signing of the original agreement. Initial fees are recognized as income over the life of the franchise. The normal franchise life is ten years. Income is recorded using the straight-line method over the ten year life once the franchise begins operation. The initial fees that have yet to be recognized are classified as deferred revenue. Franchise revenue of \$63,700, \$30,375, and \$41,750 are recognized in 2023, 2022 and 2021.

The Company also receives continuing royalty fees from its franchisees as they are earned. Royalty fees are based on a percentage of the franchisees' gross sales, net of certain adjustments outlined in the franchise agreement.

The LLC began selling gift cards online and at franchise locations in 2017. The LLC records the full liability of the card value when a card is sold. The liability is reduced when the cards are redeemed and the franchise locations are reimbursed. The liability is also reduced, and income recognized, by the estimated amount of gift cards that are not expected to be redeemed in the future. Total liability at year end for 2023, 2022 and 2021 was \$211,904, \$119,077 and \$338,767 with allowances of \$39,202, \$11,908 and \$158,331 for those same periods.

The Company has fifteen locations throughout the United States in operation and providing royalty income under the terms of their franchise agreements. One of these locations is owned by a member of Sweet and Sassy LLC. As of December 31, 2023, two locations were under contract but had yet to begin operation.

ADVERTISING

The Company expenses advertising costs as incurred. For 2022, 2021 and 2020 advertising expense was \$29,838, \$35,272, and \$19,490.

ACCOUNTS RECEIVABLE

Accounts receivable consist of royalties and other fees due from franchisees and franchise fees due from the sale of franchise locations. Both are net of any allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts using historical experience, aging of accounts, knowledge of the business and management of the debtor. Accounts aged longer than thirty days are considered past due.

SWEET AND SASSY FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Balances management considers uncollectible are written off through a charge to the allowance for doubtful accounts.

For the years ended December 31, 2023, 2022, and 2021 management did not consider a balance in the allowance for doubtful accounts necessary.

Trade receivable consist of:

	2023	2022	2021
Beginning of year	\$ 21,751	\$ 60,326	\$ 52,017
End of year	66,682	21,751	60,326

STATEMENT OF CASH FLOWS

For purposes of the statements of cash flow, cash includes all unrestricted cash on hand and in the bank.

RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2021. The company did not have any leases as of December 31, 2022 that required recording as a lease payable.

NOTE 2 - FRANCHISE AGREEMENTS

The franchisee acquires a license to operate a children's salon, retail and party business under the name Sweet & Sassy, under terms of the franchise agreement. The agreement calls for various obligations from the franchisee that include training, products, standards compliance and site selection. The franchiser provides training, territory protection, products, advertising, and other franchise assistance.

NOTE 3 - LEASE COMMITMENTS

The Company signed a lease agreement for space in Hurst, Texas in March of 2023. The lease is in the name of the Company but payments on the lease and the use of the space are made by a related company. Management does not expect to have any responsibility for this lease in the future. The lease expires in May 2026.

SWEET AND SASSY FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

NOTE 4 - NOTE PAYABLE

The LLC obtained a paycheck protection loan in 2021 and 2020 under a loan program established by the Untied States government. Both loans were for \$23,155. The LLC was notified that both loans were forgiven. The forgiveness was included in other income as forgiveness of debt.

The LLC obtained a Economic Injury Disaster Loan through the SBA in June 2020 for \$149,900. The loan is to be repaid over thirty years. Interest at 3.75% is accruing on the loan but repayments are set to begin July 1, 2021. Collateral on the loan includes all the assets of the LLC. The loan has guidelines as to what the proceeds can be spent on that basically includes operating expenses and excludes bonuses, facility repairs or additions, member disbursements, and other loan payments. No payments to interest or principle were made in either year.

Principal payment required for the next five years are:

2024	\$ 2,779
2025	2,885
2026	2,995
2027	3,109
2028	3,228
Thereafter	134,904

NOTE 5 - RELATED PARTY TRANSACTIONS

The Company has amounts due of \$733,865, \$671,759, and \$615,694 as of December 31, 2023, 2022 and 2021 from three affiliated companies that are owned by a LLC member.

As of December 31, 2022 the LLC's owed the majority owner \$29,500. At December 31, 2021 the amount owed was \$12,500.

The same member owns a franchise and a company that provides products to the franchises. These companies do not generate income or expenses to the LLC. The franchise provided an \$34,725, \$33,633 \$3,600 of income to the LLC in 2023, 2022 and 2021 .

NOTE 6 - SUBSEQUENT EVENTS

The LLC evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through February 29, 2024, which is the date the financial statements were available to be issued.

EXHIBIT G
SWEET & SASSY
Franchise Disclosure Document
STATE-SPECIFIC ADDENDUM

FOR THE STATE OF ILLINOIS

1. Item 17 is supplemented by the following:

Section 705/4 of the Illinois Franchise Disclosure Act of 1987 (the “Illinois Franchise Disclosure Act”) provides that any provision in the Franchise Agreement that designates venue outside of Illinois is void with respect to any cause of action that is otherwise enforceable in Illinois; however, the Agreement may provide for arbitration in a forum outside of Illinois.

- a. Section 41 of the Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
- b. Any release of claims or acknowledgments of fact contained in the Franchise Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.
- c. Section 4 of the Act provides that, if this Franchise Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims.
- d. Illinois law shall apply to and govern the Franchise Agreement.
- e. If this Agreement requires a jury trial waiver, to the extent that such provision conflicts with the Illinois Franchise Disclosure Act, the Act will control.
- f. Your rights upon termination and non-renewal of the Franchise Agreement are set forth in Sections 19 and 20 of the Act.

FOR THE STATE 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 is supplemented by the following:

“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 do 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.”
2. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT H
SWEET & SASSY
Franchise Disclosure Document

STATE EFFECTIVE DATES

The following states require that the franchise disclosure document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This 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
Illinois	Pending
Virginia	Pending

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

EXHIBIT I
SWEET & SASSY
Franchise Disclosure Document
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 Sweet & Sassy Franchising, 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.

If Sweet & Sassy Franchising, 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 your state agency listed in Exhibit A. Our Agents for Service of Process are also listed in Exhibit A.

Issuance Date: April 5, 2024

The franchise seller for this offering is:

Name	Principal Business Address	Telephone Number
Dawn Dixie Clarke	4008 Gateway Drive, Ste. 120, Colleyville, Texas 76034	817-778-4180
Stephanie Simons	4008 Gateway Drive, Ste. 120, Colleyville, Texas 76034	817-778-4180

I have received a disclosure document dated April 5, 2024. State registration effective dates are listed on the State Effective Dates page. The disclosure document included the following Exhibits:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Franchise Agreement and Attachments
Exhibit C	Operations Manual Table of Contents
Exhibit D	List of Current Franchisees
Exhibit E	List of Former Franchisees
Exhibit F	Financial Statements
Exhibit G	State-Specific Addendum
Exhibit H	State Effective Dates
Exhibit I	Receipts

Date (do not leave blank)

Signature of Prospective Franchisee

Print Name

If signing on behalf of a corporation or other entity, please also complete the following:

Name of Entity

Name/Title

PLEASE SIGN, DATE, AND KEEP THIS COPY FOR YOUR RECORDS

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

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Date (do not leave blank)

Signature of Prospective Franchisee

Print Name

If signing on behalf of a corporation or other entity, please also complete the following:

Name of Entity

Name/Title

**PLEASE SIGN, DATE, AND RETURN THIS COPY TO
C/O SWEET & SASSY FRANCHISING, LLC
4008 GATEWAY DRIVE, STE. 120
COLLEYVILLE, TEXAS 76034**