


FRANCHISE DISCLOSURE DOCUMENT

 <p>irisgalerie YOUR EYE FOR ART</p>	<p>Iris Galerie Franchising LLC a Delaware limited liability company 3080 Yonge Street, Suite 5004, Toronto, Ontario, M4N 3N1 (437) 422-4232 https://usfranchise@irisgalerie.com</p>
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We offer franchises for the operation of a branded “IRIS GALERIE” art gallery (each a “Franchised Business” or “Galerie”) that specializes in selling on a consignment basis a proprietary line of unique, eye-centric art that uses our system of proprietary techniques, equipment, formats, and materials.

The initial investment necessary to begin operations of a Franchised Business is \$113,000 to \$395,000. This includes \$41,000 to \$45,000 that must be paid to the franchisor or its affiliates.

We may also award qualifying individuals and entities the right to develop 3 or 5 Franchised Businesses under our then-current form of development agreement (“Development Agreement”). The initial investment necessary to develop and begin operations of (a) 3 Franchised Businesses is \$324,000 to \$1,170,000 and (b) 5 Franchised Businesses is \$390,000 to \$1,800,000. This includes \$108,000 to \$120,000 that must be paid to the franchisor or its affiliates if you develop and operate 3 Franchised Businesses and \$143,000 to \$155,000 that must be paid to the franchisor or its affiliates if you develop and operate 5 Franchised Businesses. The development fee will be applied toward the initial franchise fee payable for each Franchised Business under the then-current Franchise Agreement.

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, contacting Tanguy Saillant, usfranchise@irisgalerie.com, c/o Iris Galerie Franchising LLC at Iris Galerie Franchising LLC, 3080 Yonge Street, Suite 5004, Toronto, Ontario, M4N 3N1, or at 437-422-4232.

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

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

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

Issuance Date: March 8, 2024.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or <u>Exhibit F</u> .
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 <u>Exhibit D</u> 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 Iris Galerie 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 an Iris Galerie franchisee?	Item 20 or <u>Exhibit F</u> 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 Franchise *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 delegates. These items may be more expensive than similar items you could buy or 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 the 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 to continue to operate your franchise business.

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

Some States Require Registration

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

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 Contacts for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation and litigation only in Delaware. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with the franchisor in Delaware than in your own state.
2. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

DISCLOSURES REQUIRED BY MICHIGAN LAW

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

Iris Galerie Franchising LLC
FRANCHISE DISCLOSURE DOCUMENT

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

To simplify the language in this franchise disclosure document “us” “our” or “we” means Iris Galerie Franchising LLC, the franchisor. “You” or “your” means the person who buys the franchise. If you are a corporation, partnership, or limited liability company, “you” or “your” also means the shareholders of the corporation, partners of the partnership, or members and managers of the limited liability company, who must sign an Owner’s Guaranty and Agreement to Comply with Certain Undertakings of the Franchisee.

Franchisor, Our Parents, Predecessors, and Affiliates

We are a Delaware limited liability company organized on January 26, 2024. Our principal business address is Iris Galerie Franchising LLC, 3080 Yonge Street, Suite 5004, Toronto, Ontario, M4N 3N1, and our telephone number is (437) 422-4232. We operate under the business name “Iris Galerie.” Except as provided in this Item, we are not currently involved in any other business activities, other than serving as franchisor.

Our immediate parent, Iris Galerie LLC (“IGL”), is a Delaware limited liability company organized on January 1, 2021. IGL’s principal business address is the same as ours. Except as provided in this Item, IGL is not currently involved in any other business activities, other than serve as immediate parent to us and Iris Galerie FL LLC (“IGF”).

Our ultimate parent, Iris Galerie SAS (“IGS”), is a limited liability company organized under the laws of France. IGS’s principal business address is 60 rue de la Boetie, Paris, France 75008. It has been engaged in the line of business associated with the type being franchised since 2021 and has been offering franchises under the “IRIS GALERIE” trademark since 2021 in France, Spain, Italy, Germany, Netherlands, Sweden, and Denmark. Iris Galerie is our sole owner.

Our affiliate, IGF, is a Florida limited liability company organized on November 4, 2022. IGF’s primary principal business address 3080 Yonge Street, Suite 5504, Toronto, Ontario, Canada. We anticipate that IGF will operate corporate Iris Galeries in the U.S.

Neither we, nor any of our affiliates have offered franchises in other lines of businesses.

Agent for Service of Process

Our agents for service of process and their principal place of business addresses are disclosed in Exhibit G.

The Business

Iris Galerie is a pioneer distribution concept with a vision to make art accessible to everyone. Our Galeries feature a proprietary line of unique eye-centric art photographs. We use a technique of photographing the iris of customers with a photographing machine, iris photographing device with a mirror, and a software application (“Photography Kit”) that allows prints of various formats and materials of these artistic images to be produced. Our officers and owners have substantial knowledge and expertise in operating an art photography concept which it used to devise and developed specific know-how focused on the technique of automatic image capture and editing as well as on the computer technology and software relating to this.

Each franchisee will operate a business that sells iris art photography and other related products and services on a consignment basis, under the “Marks” (as defined below) according to the “System” (as defined below) owned and developed by us. You will operate the Franchised Business using the System and Marks as described in the Franchise Agreement, which is attached as Exhibit A (the “Franchise Agreement”).

“**Marks**” means the trademarks, service marks, trade dress, trade names, trade secrets, know-how, and other commercial symbols and related logos and all configurations and derivations as presently exist, or which

may be modified, changed, or acquired by Franchisor or its affiliates in connection with the operation of an a “Franchised Business” or “Galerie” (as defined below) together with such other trade names, trademarks, symbols, logos, distinctive names, slogans, service marks, certification marks, logo designs, insignia or otherwise which may be designated by us from time to time.

“**System**” means the development and continued development of a network and plan for the operation of business with distinguishing characteristics including without limitation our confidential and proprietary information and trade secrets, distinctive images, designs, business formats, methods, procedures, and specifications, equipment, fixtures, computer system, distinctive exterior and interior design, décor, color scheme, and furnishings, uniform standards, specifications, and procedures for operations, quality and uniformity, procedures for management and inventory control, training and assistance, and advertising and promotional programs offering for sale of Products, related products and services, of controlled quality, in accordance with our prescribed standards, specifications, policies and procedures, under the name, trademark and style of “Iris Galerie,” all of which we may periodically change, improve, and further develop. You will responsible for all costs and expenses associated with any changes, improvements, and further development relating to the System.

As a franchisee, you will do business under our then-current Marks. For reference purposes, throughout this Disclosure Document, the term “System Galerie” or “Galerie” means any business operating under the Marks and the System regardless of whether it is operated by a licensee, franchisee, affiliate, or us. The term “Franchised Business” means the Galerie you operate under the System and Marks and according to the terms and conditions of the Franchise Agreement. “Products” means the types of products and services and ancillary products and services that we approve and/or require you to sell at the Franchised Business.

As of the Issue Date, our authorized Products line is comprised of photographing the iris of customers with a machine and a software application, allowing prints of various formats and materials of these artistic images to be produced. Customers have the option to purchase the works in their desired format and finish (including frames, gift cards, customizable prints, and jewelry). We reserve the right to modify, change, and add to the types of Products that may be provided by the Franchised Business, from time to time.

We offer qualified individuals and entities the right to open and operate a single Franchised Business. If we approve you as a franchisee, you must sign our Franchise Agreement. In no event will you be a franchisee until we have signed a Franchise Agreement with you.

We also offer qualified individuals and entities the right to open and operate a minimum of 3 Franchised Businesses within a designated geographical area (the “Development Area”) under our current form of area development agreement that is attached to this Disclosure Document as Exhibit B (the “Development Agreement”). The Development Agreement also may provide qualified individuals the right to open and operate 5 Franchised Businesses. The Development Agreement will outline the schedule and defined period of time in which you must open and commence operating each of the Franchised Businesses (a “Development Schedule”). If you are developing and opening (a) 3 Franchised Businesses, then these Franchised Businesses must be completed within 18 months of the full execution of the Development Agreement and (b) 5 Franchised Businesses, then these Franchised Businesses must be completed within 24 months of the full execution of the Development Agreement. You will be required to sign a Franchise Agreement for your 1st Franchised Business at the same time you sign your Development Agreement, and you will need to sign our then-current form of Franchise Agreement for each of the Franchised Businesses you open under the Development Schedule. You must pay us a development fee that is based on the number of franchises we award you the right to develop within your Development Area (the “Development Fee”) (See Items 5 and 6).

We or our Approved Supplier (which may be our parent/affiliate) will loan you the Products you are authorized to offer/sell at your Franchised Business for sale on a consignment basis, which means you will not actually own any of the Products. You will also be loaned certain Products and fixtures that may only be displayed at your Franchised Business (the “Display Products”). You will then sell the Products to customers outright. You must ensure that all sales and deliveries of Products at the Galerie, as well as any other products/services you are authorized to sell are properly recorded and scheduled through the point-of-sale system we designate for use in connection with your Franchised Business (the “POS System”).

You will be solely responsible for obtaining any necessary planning permissions and other consents and complying with the legal and contractual obligations inherent in any commercial activity, including those relating to administrative authorizations and the commercial lease pertaining to the place of operation of the Franchised Business.

Industry Regulations

Your Franchised Business will be subject to federal, state, and local laws and regulations that are applicable to businesses generally, such as the Americans with Disabilities Act, Fair Labor Standards Act, the Occupational Safety and Health Act, Title VII of the Civil Rights Act of 1964, Family and Medical Leave Act, and various state laws governing such matters as minimum wages, overtime and working conditions. Your Franchised Business will also be subject to specific federal, state, local, environmental protection, and licensing laws and regulations that relate to the specific industry. Your Franchised Business will also be subject to and you must adhere to all federal and state data privacy laws and regulations, including, without limitation, those relating to the collection of biometric information and biometric identifiers. It is your sole responsibility, to investigate, satisfy and remain in compliance with all local, state, and federal laws, which vary from place to place and can change over time.

The leasing of products is also subject to certain specific legal requirements, which may include disclosure of various terms to customers and adherence to advertising guidelines. In certain states, lease transactions are considered installment sales and you may have to comply with legal requirements for installment sales.

You must consult with your own attorney to ensure that the laws of the state where your Franchised Business is located permits you to provide each of the Products at your Franchised Business. It is your sole responsibility to investigate any regulations in your area, including those related to the establishment and operation of a gallery generally.

Market Competition

The Products offered by Galleries are used primarily by the general public. Your Franchised Business will have to compete against Galleries and other types of art galleries, photographers, opticians, jewelers, and businesses offering one or more of the Products your Franchised Business will offer, including national chains, franchises, and local businesses. Our concept is aimed at a very wide audience worldwide, with prices ranging from \$59 to over \$4,429, thanks to a catalogue of sizes, finishes and frames. We believe the market for the goods and services your Franchised Business provides is well developed, and you will compete with existing locations operating under the System Marks, as well as galleries, home furnishing stores, and other companies specializing in the sale of similar products.

ITEM 2: BUSINESS EXPERIENCE

Paul Antoine Briat: Co-Founder, President & Head of Development

Mr. Briat has served as our Head of Development since our inception and is currently our President. Paul Antoine founded YellowKorner in Paris in 2006 with Alexandre de Metz. YellowKorner is a French art photography publishing house that produces limited and numbered editions of art photographs in series. It

has 115 art galleries worldwide, organized as a network of franchises. Paul Antoine bought out Iris Galerie SAS in October 2021.

Francois d’Hautefort: Chief Operations Officer World Wide

After serving in the French navy, Francois d’Hautefort started his career as a financial consultant before joining Louis Dreyfus Commodities where he held several managing positions from 2012 to 2019 in France and South Africa. He then joined Jumia in Egypt to lead the commercial department from 2019 to 2022. He then led the expansion of Flink in France before joining Iris Galerie in March 2023 as Chief Operations Officer.

Tanguy Saillant: General Manager North America (Canada & USA)

Mr. Saillant has served as our General Manager North America since our inception. Prior to joining Iris Galerie, Mr. Saillant worked for Keep Cool’s Franchise in France and Canada where he served as the Franchising Manager from April 2010 to August 2016, Director of Operations from August 2016 to March 2020, and Deputy CEO of Development, Franchise and Operations from March 2020 to October 2022, overseeing 270 gyms in France and French territories. In April 2023, he joined Iris Galerie SAS to develop and expand the brand in Canada.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

License Fee

To operate a single Franchise Business, you must pay us a lump sum License Fee of \$35,000 when you sign the Franchise Agreement (“License Fee”).

Development Fee

If we award you the right to develop 3 or more Franchised Businesses within a given Development Area, you must pay us a one-time Development Fee upon you signing the Development Agreement. Your Development Fee will depend on the total number of Franchised Businesses that we grant you the right to develop within the Development Area. You will either develop at least 3 Franchise Business under the Development Agreement or 5 or more Franchised Businesses under the Development Agreement. If you decide to develop (a) 3 Franchised Businesses, then you must pay us \$90,000 upon executing the Development Agreement (b) 5 or more Franchised Businesses, then you must pay us \$125,000 upon executing the Development Agreement.

You will be required to enter into our then-current form of Franchise Agreement for each Franchised Business you wish to develop under your Development Agreement, but you will not be required to pay any additional License Fee at the time you execute each of these Franchise Agreements. If you enter into a Development Agreement, you must execute our then-current form of Franchise Agreement for the initial Franchised Business we grant you the right to develop within your Development Area concurrently with the Development Agreement.

All initial fees will be fully earned when paid, must be paid in one lump-sum amount, and except as noted above are not refundable under any circumstances. All initial fees are imposed uniformly to all franchisees and developers.

ITEM 6: OTHER FEES

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
<p>Commission Fee(s) (also may be referred to as royalty fee(s))</p>	<p>You must pay us a commission amounting to the greater of (i) 45% of Gross Sales (<u>Note 1</u>) of the actual price charged by you and (ii) 45% of Gross Sales of the suggested retail price generated by the sale of Products at the Galerie.</p> <p>If you are in compliance with the Franchise Agreement and Development Agreement, and you develop and operate at least 3 Galeries under a Development Agreement, then you will receive a deduction of .5% off of the Commission Fee at the opening of each Galerie.</p> <p>If you are in compliance with the Franchise Agreement and Development Agreement, and you develop and operate at least 10 Galeries, then you will receive a deduction of 5% off of the Commission at the opening of each Galerie.</p>	<p>10th of the following month</p>	<p>Your Commission Fee will begin once your Franchised Business opens. (<u>Note 2</u>).</p>
<p>Equipment & Technology Maintenance Fee</p>	<p>\$600 per month</p>	<p>10th of the following month</p>	<p>Access to equipment and products specified by us (including the Photography Kit) as well as technical support that we specify. The technical support is unlimited for the first 3 months of operations (“<u>Initial Support Period</u>”). After the Initial Support Period, the technical support will be limited to 5 hours per month. Beyond this</p>

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
			package, time will be billed at \$20 per hour.
Initial Marketing Spend	Minimum of \$2,000	Varies	You must at least expend the minimum amount during the first 12 weeks (4 weeks prior to opening of the Franchised Business and 8 weeks after the opening of the Franchised Business)
National Marketing Fund Fee	\$300 per month	10 th of the following month	To promote the System and brand.
Cooperative	If established, the amount will be established by the board of the cooperative and approved by us		The fees you contribute to any such cooperative will be in addition to your contributions of fees to the National Marketing Fund Fee and to the Initial Marketing Spend costs, but they will count towards the Local Advertising Requirement expenditures.
Music Atmosphere Licensing	Then-current fee charged by our then-current third-party supplier. Currently, \$40 per month.	10 th day of each month	This fee is for the audio programming we or a designated third-party supplier will provide you for playing within your Franchised Business.
Computer and Software System Fee	Then-current fee charged by our then-current third party supplier. Currently, around \$200 per month	10 th day of each month	This fee is paid beginning in the first month after you sign the Franchise Agreement. These costs are associated with the right to use Photography Kit and related and specified computer system components (including software) at your Franchised Business.
Mystery Shopper Fee	Will vary under the circumstances	As incurred	We may conduct inspections ourselves and/or through third-party mystery shoppers who will pose as normal customers and perform specific tasks (such as make a purchase, ask questions, or seek customer service) and evaluate the services received at your Franchised Business. If the results of the mystery shopper(s) indicate that you have failed to comply with our standards and specifications, Manual, and/or the Franchise Agreement, you must

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
			reimburse us for our costs for the inspections.
Transfer Fee	\$20,000	Prior consummation of transfer to	Payable when you assign or sell your Franchised Business, an interest in you or assets of your Franchised Business.
Developer Transfer Fee	\$20,000	Prior consummation of transfer to	Payable when you assign or sell your in Development Agreement and Developer, an interest in you or assets of your Franchised Business.
Renewal Fee	\$5,000	At the time of renewal	Payable when you renew the Franchise Agreement.
Additional Training and Assistance	Currently \$250 per day plus travel, lodging, and other expenses for providing the training.	Upon request or as we require	This is for additional training we may provide from time to time or additional assistance that we require or that you request.
Annual Convention	If applicable, reasonable fees and all expenses	Upon demand	If we organize an Annual Convention, your Principal Owner must attend.
Artwork Non-compliance	\$150 per hour	Upon demand	If you do not comply with the rules for capturing and working with images, then we must review the work so that the quality of the "Iris Galerie" brand name is respected.
Late Payment Fee	15% of the amount due	Upon demand	Payable on all overdue amounts to use or our affiliates.
Interest on late payments	Maximum monthly legal rate	Upon demand	Payable on all overdue amounts to us or our affiliates. Interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full.
Audit Fee	If we conduct an audit and it reveals that you have underreported your Gross Sales by 2% or more, then we may require you to (a) pay the costs we incur for conducting the audit of your Franchised Business (including any fees paid to auditors and/or attorneys), and/or (b) provide us with annual audited financial statements regarding the operation of your Franchised Business.	Upon demand	We have the right to inspect your books and other financial information associated with your Franchised Business during the term of the Franchise Agreement.

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
Taxes	Actual cost	Upon demand	Payable if certain taxes are levied or assessed on the fees you pay to us or our affiliates.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your Franchised Business incurred as a result of or in connection with any breach, default, violation, repudiation or non-performance of this Agreement by Franchisee, Franchisee's performance and operation relating to the Franchised Business, or any act or error of omission or commission on the part of Franchisee or anyone for whom Franchisee is responsible in law, or on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property in any way arising out of, resulting from or connected with the Franchised Business.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the Franchise Agreement, and we have to seek assistance to enforce the Agreement.
Delivery Delay/Carrier Fault	Retail price of the Product	As incurred	You bear the risk of loss for each Product caused by delivery delay or any incident due to carrier fault. You must notify the carrier within 48 hours after receipt of the delivery.
Missing Products	Retail price of the Missing Products	Within 10 days after receipt of invoice	Subject to a 0.2% annual commission exemption, you bear the risk of loss for Products that are observed "missing" during annual inventory checks. These could include discrepancies due to losses, breakage, and thefts.
Damaged Products	Retail price of the Damaged Products, plus transportation costs	Within 10 days after the loss, damage, or destruction is discovered	You bear the risk of loss for each Damaged Product from the time we or our designee deliver the Damaged Product to you until you deliver the Damaged Product back to us or our designee (or otherwise dispose of it according to our instructions). You must reimburse us or our designee, subject to a 0.2% combined

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
			<p>annual exemption, for any Damaged Product that is lost, damaged, or destroyed at its retail price, plus transportation costs associated with the Damaged Product and replaced Damaged Product.</p> <p>If you receive a defective or damaged Product from us, you must notify us within 2 days of receipt of the Product. Any claim after this time shall be rejected, and you will be liable to us for the full price of the Product.</p>
Controllable Return	Mis-ordered Product	As incurred	If Franchisee mis-ordered an artwork, you will be responsible for the applicable return costs.
Customer Failure to Pay for Products	Will vary under the circumstances	As incurred	You bear the risk of loss on all payment responsibilities and obligations of the customer, credit card charge backs and sales of Products using lease-to-own services. We may charge you any fees we incur relating to bad checks, credit card charge backs or lease-to-own services. All Products you release without proper payment are considered cash sales and are your responsibility. You must reimburse us or our designee for any Product that is released without proper payment at its retail price.
Unauthorized Product Fee	\$250 per occurrence	As incurred	If you sell any products or provide any services at your Franchised Business that are not authorized or approved by us. Such actions will also constitute a material breach of your Franchise Agreement obligations. Please see Item 17 for additional information.
Site Evaluation Fee	\$500/day per person	As incurred	<p>If we deem on-site evaluation necessary and appropriate, at our sole discretion, or if you request us, we may conduct an on-site evaluation(s).</p> <p>You will also be responsible for</p>

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
			our travel-related expenses on top of the Site Evaluation Fee.
Relocation Fee	\$7,500	As incurred	We may permit you to relocate the Franchised Business to another location within the Designated Territory provided that you comply with all of our standards for a relocation and such relocated Franchised Business meets our then current Franchised Business criteria for relocation.
Management Fee	Then-current fee, which is currently \$500 per day (plus costs and expenses)	As incurred	Due when we (or a third party) manage your Franchised Business after your default or abandonment.
Development Fee For Additional Franchise Businesses	If you are developing a minimum of 3 Franchise Businesses, then you will pay us \$20,000 each for each Franchise Agreement signed after the first Franchise Agreement. If you are developing 5 or more Franchise Businesses, then you will pay us \$15,000 each for each Franchise Agreement signed after the first Franchise Agreement.	On or before signing of each Franchise Agreement after the first Franchise Agreement under the Development Agreement	

Explanatory Notes

* Except as otherwise stated in this Item, all fees listed in this Item 6 Chart are imposed by, and payable to, us and are uniformly imposed on all of the franchisees in our System. All fees are imposed by and are payable to us or our affiliates. All fees are non-refundable. All fees are uniformly imposed on all franchisees. Unless otherwise stated, the fees outlined in the Chart above apply to the Franchise Agreement.

Note 1 - “Gross Sales” means for a specified period, the gross sales of all Products sold by Franchisee at the Franchised Business during that period less: (i) returns of Product at the Franchised Business during that period; (ii) refunds and allowances made by franchisee at the Franchised Business during that period; (iii) store credits redeemed by franchisee at the Franchised Business during that period; (iv) amounts received by franchisee from the sale of gift certificates at the Franchise Business during that period (it being understood and agreed that the redemption of gift certificates will be included as Gross Sales for the period in which they are redeemed); and (v) amounts collected by franchisee at the Franchised Business during that period on account of taxes. Gross Sales does not include shipping costs, and delivery costs will be invoiced at 100% to the franchisee by us.

Note 2 - Your Commission Fee(s), as well as any other fees payable to us or our affiliates under the Franchise Agreement, may be collected by us via Electronic Funds Transfer (“EFT”) from the bank account you are required to designate solely for use in connection with your Franchised Business (your “EFT Account”). You must provide us with the details of your EFT Account prior to opening and execute all documents necessary to authorize us to make withdrawals from this account throughout the term of your Franchise Agreement. You must provide us with advance written notice of any change to the information related to your EFT Account. We reserve the right to change the

interval at which we collect your Commission Fee(s), Fund Contribution and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. We may collect these recurring fees on a weekly rather than monthly basis.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement

Type of Expenditure	Amount (Low-High Range)	Method of Payment	When Due	To Whom Payment is Made
License Fee (Note 1)	\$35,000	Lump Sum	Upon signing the Franchise Agreement	Us
Initial Training Expenses (Note 2)	\$2,000 to \$10,000	Lump Sum	Before Opening	Airlines, hotels, etc.
Professional Fee	\$2,000 to \$10,000	As incurred	Before Opening	Attorney and accountant
Permit and license (Note 3)	\$0 to \$8,000	As incurred	Before Opening	Government Agencies and Organizations; Utility Companies
Lease Deposit	\$10,000 to \$100,000	Lump Sum	Upon signing the lease	Landlord
Leasehold Improvements (Note 4)	\$10,000 to \$50,000	As incurred	Before Opening	General Contractor
Store Galerie Fit Out (Note 5)	\$18,000 to \$45,000	Lump Sum	Before Opening	Suppliers and us
Signage (Note 6)	\$4,000 to \$35,000	As incurred.	Before Opening or Monthly	Suppliers
Initial Marketing Spend (Note 7)	\$2,000	As incurred	30 days before opening	Suppliers
Additional Funds – 3 months (Note 8)	\$30,000 to \$100,000	As incurred	As arranged	Suppliers, employees.
TOTAL (Note 9)	\$113,000 to \$395,000			

Explanatory Notes to Chart 7(A) Above:

The chart above describes the estimated initial investment for a Franchised Business.

Note 1. The License Fee is \$35,000 and is deemed fully earned and non-refundable upon payment.

Note 2. These figures estimate the costs for your Principal Owner and up to 2 additional people to attend our Initial Training Program, including the cost of travel, lodging and meals. Our Initial Training Program is described in Item 11. “Principal Owner” refers to you, if you are a sole proprietor or the majority owner of you, if you are an entity. If there are multiple owners of you who have the same amount of ownership interest, then you will designate one of your

owners to be the Principal Owner. Please note that, any new manager called upon to manage the Franchised Business must complete an initial training course of at least two days at a location we will inform you of.

Note 3. These amounts represent the business licenses and permits you will likely need to establish the Franchised Business. It also includes an estimate of the deposits your utility companies are likely to require. The amount of your actual utility deposits will vary depending on the size of your facility space, the number of utilities your landlord requires you to pay and the number of utility companies that require a deposit. Typically, utility providers require a deposit equal to 1 month's average charge for that utility. You are required to obtain all necessary licenses and pay all required governmental fees to operate your Franchised Business.

Note 4. You must find the Galerie to lease that is within your Designated Territory. The size of the commercial space (including the storage room) should be approximately 150–1500 square feet. If you do not own or purchase real estate for the location of your Franchised Business, you will need to lease space from a landlord. If you rent, the landlord will usually require you to pay the equivalent of one- or two-month's rent. The range in the Table above represents one month's rent and a security deposit of two month's rent. Rental rates or deposits on an unknown location cannot be predicted in advance. These costs will vary greatly depending on the metropolitan area where the Franchised Business will be located. In most cases we would expect franchisees to rent rather than purchase property.

Depending on the specifics of the site you select, you may need to remodel the space to meet the needs of the Franchised Business. We will provide you with layout, drawings, and design of a typical Iris Galerie gallery. The cost of construction, improvements, or building varies widely by the size of the space, the existing improvements and local construction rates. Until a specific site is located and evaluated, a reliable estimate of costs cannot be projected. Sometimes you may receive a construction allowance from the landlord, or you may lease a location that was already built out in a suitable fashion and if so, the costs may be reduced accordingly.

Note 5. These figures include basic office furniture, fixtures, and basic business supplies. You will need to have or install communications systems that comply with our specifications, including high speed Internet access, email capacity and a dedicated telephone line. You will need the computer system described in Item 11.

Note 6. These figures include basic structural works such as shelves, painting, and lighting, and will mainly depend on the state of the premises. This estimate assumes \$50 - \$100 per square foot on a 150 – 1,500 square feet Galerie. You will need to work with a contractor to ensure that the Franchised Business follows our concept, which is included in this estimate.

Note 7. The low estimate includes your required Initial Marketing Spend of at least \$2,000.

Note 8. This item estimates your startup expenses during the initial period of 3 months of the operation of your Franchised Business. These expenses include telephone and Internet utilities, additional products, and supplies, etc., and wages for up to three (3) non-management employees. These estimates do not include other expenses which are already listed in the above charts and do not include an owner's salary or draw. Your costs will depend on various factors, including how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rates; competition; and sales levels reached during the initial period. We relied on the experience of (1) our parent in offering similarly sized Iris Galerie galleries, (2) System Galleries operating under the Marks in other countries, (3) information received from our approved suppliers, and (4) other publicly available information.

Note 9. Except as described above, none of the fees listed in this Item are refundable. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

B. (1) Development Agreement (Based on 3 Galleries)

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Development Fee (Note 2)	\$90,000	Lump Sum	Upon signing of Development Agreement	Franchisor
Initial Investment to Open 3 Franchised Business under the Development Agreement (Note 3)	\$234,000 to \$1,080,000	See Charts 7(B)(1) above in this Item		
TOTAL (Note 4)	\$324,000 to \$1,170,000	This is the total estimated initial investment to enter into a Development Agreement for the right to own a total of 3 Franchised Businesses, as well as the costs to open and commence operating your initial Franchised Business for the first 3 months (as described more fully in Chart A of this Item 7).		

(2) Multi-Unit Development Agreement (Based on at least 5 Galleries)

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Development Fee (Note 2)	\$125,000	Lump Sum	Upon signing of Development Agreement	Franchisor
Initial Investment to Open 5 Franchised Businesses (Note 3)	\$234,000 to \$1,080,000	See Charts 7(B)(2) above in this Item		
TOTAL (Note 4)	\$390,000 to \$1,800,000	This is the total estimated initial investment to enter into a Development Agreement for the right to own a total of 5 Franchised Businesses, as well as the costs to open and commence operating your initial Franchised Business for the first 3 months (as described more fully in Chart A of this Item 7).		

Explanatory Notes to Chart 7(B)(1) and (2) Above:

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Development Agreement for the right to own and operate three Franchised Businesses, as well as the initial investment to open your first Franchised Business under your Development Schedule.

Note 2. The Development Fee is non-refundable. The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and this Development Fee is for the right to open and operate a total of three Franchised Businesses (provided you comply with your development obligations under the Development Agreement). You will Development Fee as disclosed in Items 5 and 6.

Note 3. This figure represents the total estimated initial investment required to open the 3 Franchised Businesses or 5 Franchised Businesses you agreed to open and operate under the Development Agreement. You will be required to enter into our then-current form of Franchise Agreement for the initial Franchised Business you must open within the Development Area at the same time you execute your Development Agreement. The range includes all the items outlined in Chart 7(A) of this Item, except for the License Fee (because you are not required to pay any License Fee for those Franchised Businesses you execute each Franchise Agreement under the Development Agreement).

Note 4. This is the Development Fee plus our estimated initial investment to open and commence operating your initial Franchised Business within your Development Area. This range does not include any of the costs you will incur in opening any additional Franchised Business(es) that you are granted the right to open and operate under your Development Agreement.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Franchised Business according to our System standards. We shall decide on the type and quantities of Products to replenish the stocks of Products for and in the Franchised Business. You are personally responsible for stocking, keeping, maintaining, and safeguarding in good and safe condition with strong diligence all Products supplied by us for display in the Franchised Business.

You are required to purchase all products, supplies, inventory, furniture, computer software and hardware (as described in Item 11), equipment, bags, customer counting solution, signage, and materials required for the operation of the Franchised Business from manufacturers, suppliers, and distributors we approve, or from other suppliers who meet our specifications and standards. You may not use any unapproved or alternative supplier. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contributions or other consideration to us, our affiliates, and/or any marketing or brand development fund we maintain, whether now or in the future, and/or otherwise, and our approval may be temporary, in each case in our reasonable discretion. We have imposed these requirements to assure quality and uniformity of Franchised Businesses, Products, and related services provided to the customers of the System. We may, from time-to-time, withhold, condition and/or revoke our approval of particular items and/or suppliers in our reasonable discretion.

Approved or designated suppliers (“Approved Suppliers”) will be designated in the Manual or otherwise communicated to you in writing. We reserve the right to modify and/or substitute products or suppliers. If we do so, we will inform you of any changes by updates or supplements to the Manual or otherwise communicate these changes to you in writing. We and/or our affiliates are currently Approved Suppliers for certain items and services, and we reserve the right to become an Approved Supplier or designate one or more affiliates as Approved Suppliers for certain items and services in the future. Currently, the list of our Approved suppliers include:

- Photography Kit: Provided by Franchisor
- POS system: Provided by Franchisor
- Counting fall: ShopperTrac located at 233 South Wacker Drive, 41st Floor · Chicago, IL 60606
- Music: Currently, Spotify, located 4 World Trade Center, 150 Greenwich Street, 62nd Floor, New York, NY, 10007, for audio programming that you play within your Franchised Business

Aside from disclosed above, there are no Approved Suppliers in which any of our officers own an interest. Our officers reserve the right to have an interest in any approved supplier at any time in the future.

Insurance

In addition to the purchases or leases described above, you must buy and maintain, at your own expense, insurance coverage that we require and meet the other insurance-related obligations. Under the Franchise Agreement, you must obtain and maintain the following insurance:

(a) commercial general liability insurance protecting against any and all claims for personal, bodily and/or property injury occurring in or about the Galerie and protecting against assumed or contractual liability under the Franchise Agreement with respect to the Galerie and your operations, with minimum limits of \$1,000,000 combined single limit per occurrence and \$2,000,000 general aggregate per location (at our election, such minimum limits may be increased);

(b) statutory workers' compensation insurance and employers' liability insurance for a minimum limit equal to at least \$500,000 per accident, per disease per employee, and disease policy limit, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Galerie is situated;

(c) commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages (commercial general liability, comprehensive automobile liability, employers' liability) to not less than \$1,000,000; and

(d) property insurance providing coverage for direct physical loss or damage to real and personal property for all-risk perils, including the perils of flood and earthquake. The policy or policies must value property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance shall not be less than the full replacement value of the Galerie, its furniture, fixtures, equipment, and stock (real and personal property). Any deductibles contained in this policy are subject to our review and approval.

Each policy must be written by an insurance company or companies reasonably satisfactory to us, having a current Best's rating of at least "A+." All liability and property damage policies must name us as additional insureds and must provide that each policy cannot be cancelled unless we are given thirty days' prior written notice. We have the right to periodically make changes to minimum policy limits and endorsements. You must deliver to us (and in the future maintain on file with us) valid and current certificates of insurance showing that all required insurance is in full force and effect. The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history.

We and/or our affiliates may negotiate purchase arrangements with suppliers for the benefit of franchisees, and may receive rebates, commissions, and other benefits from suppliers in relation to items purchased or leased by you and/or other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under the Franchise Agreement. We and/or our affiliates may become exclusive, approved, and/or designated suppliers at any time in the future.

We estimate that your product purchases from approved suppliers and according to our specifications will represent approximately 50% of your total Product purchases in establishing the Franchised Business, and approximately 48% in the continuing operation of the Franchised Business. We also estimate that your Product purchases from designated suppliers will represent approximately 80% of your total Product purchases in establishing the Franchised Business, and approximately 30% of your total Product purchases in the continuing operation of the Franchised Business. We did not receive any revenues from franchisee purchases of Products as of the date of this disclosure document.

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 (“ <u>FA</u> ”)	SECTION IN DEVELOPMENT AGREEMENT (“ <u>DA</u> ”)	DISCLOSURE DOCUMENT ITEM
(a) Site selection and acquisition/lease	Sections 3 and 5 of the FA	Sections 1 and 2 of the DA	Items 5, 6, 7, and 11
(b) Pre-opening purchases/leases	Section 5 of the FA	Section 1 of DA	Items 5, 7, and 8
(c) Site development and other pre-opening requirements	Section 5 of FA	Sections 1 and 2 of the DA	Item 11
(d) Initial and ongoing training	Section 7 of FA	Section 5 of DA	Items 6, 7, and 11
(e) Opening	Sections 5 and 7 of FA	Section 2 of DA	Item 11
(f) Fees	Sections 2, 5, 9, 11, 24 of FA	Section 4 and 6 of DA	Items 5 and 6
(g) Compliance with standards and policies/Operations Manual	Sections 5 -7, 9, and 16 of FA	Section 1 of DA	Items 8 and 11
(h) Trademarks and proprietary information	Sections 3 and 15 of FA	Section 1 of DA	Items 13 and 14
(i) Restrictions on products/services offered	Sections 5 -7, 9, and 16 of FA	Section 1 of DA	Items 8, 12, and 16
(j) Warranty and customer service requirements	Not Applicable	Not Applicable	Item 11
(k) Territorial development and sales quotas	Section 3 and Schedule A of FA	Sections 1 and 3 of DA	Item 12
(l) Ongoing product/service purchases	Sections 4, 5, and 16 of FA	Section 1 of DA	Item 8
(m) Maintenance, appearance and remodeling requirements	Section 5 of FA	Section 1 of DA	Items 8, 11, and 17
(n) Insurance	Section 20 of FA	Section 1 of DA	Items 6, 7 and 8
(o) Marketing and Promotion	Sections 5, 9, and 19 of FA	Section 1 of DA	Items 6, 7 and 11
(p) Indemnification	Sections 5 and 27 of FA	Section 9 of DA	Item 6
(q) Owner’s participation/management/ Staffing	Sections 6 and 9 of FA	Section 1 of DA	Items 11 and 15
(r) Records/Reports	Sections 12 and 13 of FA	Section 3 of DA	Item 6

OBLIGATION	SECTION IN FRANCHISE AGREEMENT (“ <u>FA</u> ”)	SECTION IN DEVELOPMENT AGREEMENT (“ <u>DA</u> ”)	DISCLOSURE DOCUMENT ITEM
(s) Inspections/audits	Sections 5, 11, and 16 of FA	Section 1 of DA	Items 6 and 11
(t) Transfer	Section 24 of FA	Section 6 of DA	Item 17
(u) Renewal	Section 2 of FA	Not Applicable	Item 17
(v) Post-termination obligations	Section 26 of FA	Section 7 of DA	Item 17
(w) Non-competition covenants	Section 26 of FA	Section 7 of DA	Items 15 and 17
(x) Dispute Resolution	Section 39 of FA	Section 11 of DA	Item 17

ITEM 10: FINANCING

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

ITEM 11: FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

After you sign our then-current Franchise Agreement and before you open the Franchised Business, we will:

(1) Designate your Designated Territory (the “Designated Territory”). (Franchise Agreement – Section 3(b) and Schedule A). Designate a Development Area and define a schedule or defined period of time in which you must open and commence operating each of the Franchised Businesses. (Development Agreement – Sections 1 and 2).

(2) Approve site and real property purchase or lease for your Franchised Business. (Franchise Agreement – Section 5(a)). You may locate or relocate your Franchised Business only within the Designated Territory and only with our prior written approval. (Franchise Agreement – Section 3(d)).

Typically, you will operate your Franchised Agreement from a leased location. You are solely responsible for locating, securing, and evaluating the suitability of your office and, if applicable, for the review and negotiations of your lease. The site must meet our criteria for demographic characteristics; traffic patterns; parking; zoning; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. We do not typically own the premises and lease it to you, and we do not guarantee the rentals you sign;

(3) Provide Approved Suppliers or the minimum standards and specification for the products and services you need to equip and operate your Franchised Business. (Franchise Agreement – Section 5(e));

(4) Provide our proprietary initial training program (the “Initial Training Program”) for the operation of the Franchised Business to your Principal Owner and up to three (3) additional people. This

training is described in greater detail later in this Item 11 and is subject to modification at any time. (Franchise Agreement – Section 7); and

(5) Grant you access to our confidential operations Manual(s) (the “Manual”) described below. (Franchise Agreement – Section 9(a)).

Time for Opening the Franchised Business

We estimate that the typical length of time between signing of the Franchise Agreement and date you Commence Operating a new Franchised Business is between 30 and 180 days. “Commence Operating” means, with respect to the Franchised Business, the date you first perform or are able to provide the Products and related services under the Marks to customers in your Designated Territory, which date(s) will be set forth in our notice(s) of approval. Factors affecting the length of time usually include satisfactorily completing the training, obtaining all necessary equipment and supplies, and obtaining all necessary licenses or permits. The opening of the franchise may be delayed only if such delay is caused by contingencies not within your control, such as acts of God, governmental restrictions, strikes or labor disputes. You will use your best efforts to cure any such delay and any such delay in opening shall be for a period of days equal to number of days during which such event actually prevents completion. You must notify us of any such delays promptly. For any newly developed Approved Location, all construction work must be completed, and the Franchised Business at the Approved Location must Commence Operating within 180 days after the Franchise Agreement is signed. You may not Commence Operating your Franchised Business at the Approved Location until we provide our written notice of approval and included in the Franchise Agreement. If you do not Commence Operating the Franchised Business within the time periods previously described, we have the right to terminate the Franchise Agreement.

During the Operation of your Franchised Business, we:

(1) May provide to you, at your request, additional guidance and assistance. We reserve the right to charge a reasonable fee for this additional guidance and assistance. (Franchise Agreement – Sections 7(c)); and

(2) We will provide you periodic assistance in the marketing, management, and operation of the Franchised Business, and we will periodically offer you the services of certain of our representatives, such as an accounting manager, and these representatives will periodically visit your Franchised Business and offer advice regarding your operations. (Franchise Agreement – Section 8)

(3) Provide you with access to support services for the first three (3) months following the opening of the Galerie (“Initial Support Period”). After the Initial Support Period, five (5) hours per month of support will be provided (Franchise Agreement – Section 9(c)).

(4) Oversee communications and promotional programs and events. (Franchise Agreement – Section 19).

(5) Oversee training under the Development Agreement for certain developer’s owner and/or personnel relating to the development of Franchised Business. (Development Agreement – Section 5).

Advertising and Marketing

All advertising and promotion that you use in connection with your Franchised Business must be approved by us and conform to the standards and requirements that we specify. We may make available to you from time to time, at your expense, certain promotional materials, including digital content, social media and other “profile” templates, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. Subject to applicable laws, you must participate in certain promotions and advertising programs that we establish as important to our System, provided these activities

do not contravene regulations and laws of appropriate governmental authorities. (Franchise Agreement, Section 5(h))

Under the Franchise Agreement, you must conduct an initial advertising and marketing campaign for your Franchised Business (the “Initial Marketing Spend”). You must expend not less than \$2,000 during the first twelve (12) weeks (four (4) weeks prior to opening the Franchised Business and eight (8) weeks after the opening of the Franchised Business) of operation in connection with the Initial Marketing Spend. You must use the marketing and public relations programs and the media and advertising materials that we designate or approve. The Initial Marketing Spend must be conducted at the times we consider prudent. You must provide to us, within 30 days of our request, copies of all receipts and other documents we reasonably request related to the Initial Marketing Spend.

In addition to your Initial Marketing Spend and required contributions to the Fund, we recommend spending at least 1% of your Gross Sales each month for advertising and promotion of your Franchised Business (the “Local Advertising Requirement”). You must have proof of your expenditures if we request to review your books and records. You must submit all your own advertising and sale promotion materials to us or our designated advertising agency for approval before use. If you have not received written approval from us within 14 days of your submission, then the materials will be deemed disapproved. If approved, you may use the proposed materials for a period of 90 days, unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time. (Franchise Agreement, Section 16(xxi)).

Except as otherwise disclosed in this Item, we are not required to spend any amount on advertising in your Designated Territory. You are responsible to ensure that all advertising and promotion materials used by you, whether created or consented to by us, comply with applicable laws. You may not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols (“©”, “®”, “TM” or “SM”) as we direct. You are not permitted to use the Marks in any manner that we have not expressly approved in writing. Without limiting this broad restriction, you may not use the Marks (including on any signage) in connection with any political campaign or promotion of a political party or political cause, or for organizations and programs that we have not directly approved.

You must contribute \$300 per month as your Fund Contribution and other franchisees will be required to contribute the same amount. We have complete discretion over how and when the Fund is expended. The Fund Contributions received from you are used, in our discretion, to promote the System brand and may be used to pay for, among other items, all costs associated with the creation, production, distribution, media placement and administration of local, state, regional or national advertising programs, website design, and maintenance, and for any taxes incurred on these funds. Additionally, at our discretion, Fund Contributions contributed to the Fund may be used for: advertising on television, radio, direct marketing mailings, the newspaper, Internet and such other forms of advertising and public relations on a local, state, regional or national level as we deem appropriate in our discretion; search engine optimization; public relations; social media marketing, advertising and accounts; sales CRM; marketing CRM; customized lists for email, direct mail and calling services; postcard and/or email campaigns; e-commerce sites; contests and giveaways, among other uses, as we deem appropriate in our sole discretion. We have the right to determine the type of advertising and the media in which it will appear, as we feel appropriate. We have the sole right to formulate and implement policies concerning every aspect of the advertising and franchise expansion program, consistent with applicable law. We will not be obligated, in administering the Fund or otherwise, to make expenditures for your Franchised Business which are: (i) equivalent or proportional to your contribution; or (ii) spent in any particular area or territory, including in your Designated Territory. We do not spend any funds from the Fund on advertising that is principally a solicitation for the sale of franchises, except that we will use portions of the Fund Contributions towards the costs of any website we may

maintain, which website may contain information about our franchising programs and we may include statements about the availability of information regarding the franchise opportunity and the purchase of a Franchised Business in any advertising and/or other items produced, circulated and/or distributed. We will not have to spend the funds in the Fund during any specific time period. We are permitted to perform any Fund functions ourselves, through our employees, representatives, agents or affiliates, in which case we are permitted to compensate ourselves or our affiliate(s) from Fund Contributions contributed to the Fund for the cost of performing those functions, including reasonable allocations of overhead and administrative expenses. Advertising may be handled by the outside advertising agency that we select. We are permitted to establish a separate entity to receive payments and administer the Fund, in which case we may require you to submit the Fund Contributions to that separate entity. Vendors and suppliers may, if we permit or require, contribute to the Fund.

If established, we will account for the Fund separately from our other accounts or assets and will maintain a separate bank account. We will maintain separate bookkeeping accounts for the Fund, and we will provide an annual unaudited financial statement of the Fund upon request. The Fund will not be our asset. The Fund will also not be a trust. We will have a contractual obligation to hold all funds in the Fund for the benefit of the contributors and to use contributions only for their permitted purposes described in this Item 11. We will have no fiduciary obligation to you for administering the Fund. We are not required to have the Fund audited, but we may do so and use the Fund contributions to pay for such an audit. If and when we establish Affiliate-owned Galleries in the United States, such Galleries may, but are not required to, contribute to the Fund.

If we do not use all of the funds contributed to the Fund in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year's advertising budget. We may spend an amount that is greater or less than the Fund Contributions collected in any given year, and we have the right to borrow funds from any lender, including from us and/or any related parties, to cover Fund expenditures or commitments. We intend for the Fund to be of perpetual duration; however, we may terminate the Fund at any time. If terminated, any unspent Fund contributions will be used, in our discretion, on Fund-related activities. We may also, at our discretion, distribute any unspent Fund contributions to our franchisees in proportion to their respective contributions during the previous period we determine in our sole discretion. We will be entitled to reimbursement from the Fund to cover our administrative and overhead expenses associated with operating the Fund.

You may not advertise or use any of the Marks on the Internet except after obtaining our consent. Any advertising on the Internet shall be pre-approved by us and on terms specified by us. Further, you may not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name, user or account name, or in the content of any worldwide website, including any social media website (such as LinkedIn, Facebook, or X (formerly known as Twitter)). We currently maintain and control the web site <https://www.irisgalerie.com>. We may provide contact information for Iris Galerie Businesses, including the Franchised Business, on our website for so long as we determine. All the information on these or any other pages of our website remains subject to our control and approval. Subject to our right to consent, you may be permitted to create a social media account from which to advertise your Franchised Business on the Internet. Any such permission shall only be for such time as we permit and shall be on the terms and conditions we specify from time to time in the Manual or otherwise in writing, which may restrict the content that you are permitted to post to the social media outlet. We have the right to establish and implement social media guidelines and policies at any time, and we have the right to discontinue, modify and supplement any social media guidelines and policies as we determine in our sole discretion. You must comply with any and all established social media guidelines and policies and you are responsible for ensuring that your managers and employees comply with the guidelines and procedures.

We have the right to require a modification of or cease granting you permission to develop, operate or maintain any such social media outlet or other Internet presence at any time and to require you to give us administrative control and/or login information for any such social media site you operate for the promotion of your Franchised Business. Except as otherwise provided in the Manual or otherwise in writing, you may not maintain a presence on the Internet for your Franchised Business. Any advertising delivered by electronic mail or other electronic means must be pre-approved by us and on terms specified by us.

At the present time, we do not have an advertising council composed of franchisees that advises us on advertising policies. We reserve the right to create such a council in the future. Currently, we do not operate or authorize any local or regional advertising cooperatives. However, we reserve the right to identify certain advertising markets that may benefit from the formation of an advertising cooperative in the future, and we reserve the right to require your participation in any advertising cooperative we form. If we establish an advertising cooperative, we will create the governing documents that control the cooperative, which documents will be available for franchisees and prospective franchisees to review. The governing documents do not presently exist. Day-to-day administration of any cooperative will be managed by a board comprised of the members of the cooperative that we select. The board will have the right to establish the amount of contributions required by each member of the cooperative, subject to our consent. The fees you contribute to any such cooperative will be in addition to your contributions to the Fund and to your Initial Marketing Spend costs, but they will count towards your minimum Local Advertising Requirement expenditures. Any outlets that we or our affiliates own that are part of a cooperative we establish will participate in the management of the cooperative and will make contributions to the cooperative in the same manner as the franchisee-owned outlets that are members of that cooperative.

Computer System

You must obtain and use the computer system we require as will be stated in the Manual. Currently, this includes, but not limited to the following: iPads, printers, scanner, thermal receipt printer, surveillance camera, Cegid's point of sale ("POS") provided by the Franchisor and system and related components, and ShopperTrac solution. The cost of the computer system is estimated to be \$6,000 to \$10,000 depending on the specific computer, tablet and manufacturer, and options you elect to purchase. In addition to the hardware, we may also require you to use designated software in connection with the Computer System and Franchised Business (the "Required Software"), which will also be stated in the Manual. You must periodically check the Manual for the most current computer system requirements. We may change the requirements at any time and you will be responsible for any costs and expenses associated with any such changes. You must have a functioning email address so that we can send you notices and otherwise communicate with you. The specific configuration of the computer and the software must comply with all laws and is the sole responsibility of the franchisee. You undertake to install the ShopperTrac solution before opening your Galerie: this is a solution for counting people and visitors and, more generally, analyzing the store's traffic in order to optimize the operation. Also, we plan standardize the Point of Sale (POS) system across all Galeries worldwide during the course of 2024, and as result, the proposed Cegid System will continue to be used in the Galerie as a payment terminal but you must within two (2) months of our announcement transition to our approved POS system when it becomes available.

We have independent, unlimited access to the information generated by the computer system and the Required Software. The types of business information that will be collected will include, but is not limited to, orders, customer information, pricing, and sales information. We will have independent access to information and data in your computer system, including independent access to your accounting system, and there are no contractual limitations on our right to access the information. We have no contractual obligation to upgrade or update any hardware or software.

In the future, we may require you to change, upgrade, or modify the type of computer hardware and software at your expense. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We and our affiliates may condition any license of proprietary software to you or your use of technology that we or our affiliates may require, develop, or maintain, on your signing an agreement or similar document that we, our affiliates or the vendor may require to regulate the use of the software.

Training

We or our representatives or agents will provide our then-current Initial Training Program to your Principal Owner and up to three (2) additional personnel. Initial training will be conducted after the Franchise Agreement has been signed and before you commence operating the Franchised Business. There is no specific date by which you must complete the training, but you must complete the training to our satisfaction before you open your Franchised Business. We have the right to waive, in our sole discretion, any portions of the training program that we believe will not be necessary to you based on your previous experience. The initial training normally lasts for two weeks and shall be conducted either at our then-current corporate office or at any other System Galerie that we designate for training. There currently are no fixed (i.e., monthly or bi-monthly) training schedules, but the training programs are given on an as-needed basis. As of the issuance date of this Disclosure Document, our Initial Training Program includes the following classroom and on-the-job instruction:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Module 1 – Products	4	2	Iris Galerie Headquarters North America
Module 2 – Merchandising and storage organization	1.5	1	Iris Galerie Headquarters North America
Module 3 – Galerie organization	2.5	2	Iris Galerie Headquarters North America
Module 4 – Business unit	6		Iris Galerie Headquarters North America
Module 5 – Editing using software	14	4	Iris Galerie Headquarters North America
Module 6 – Sale Protocols	4	1	Iris Galerie Headquarters North America
Module 7 – Photographing with a camera	6	12	Iris Galerie Headquarters North America
Module 8 – Effects on images	6	4	Iris Galerie Headquarters North America
Module 9 – Sales strategy: to present and promote our offering	8	12	Iris Galerie Headquarters North America
TOTAL	52	40	

Similarly, for use of the concept, we apply generic commercial rules relating to trade in general: high-quality customer greeting, respect for service providers, compliance with ordering and delivery procedures agreed, information for the customer, effectiveness in its communication done according to the brand's standards with a view to a homogeneous image with, in particular, the wearing of the uniform, acceptance of loyalty programs where applicable, maintaining an optimum level of cleanliness of the gallery both inside and outside, etc.

Even if all these rules are not specific to the concept, we will train you on the overall concept to ensure that your team receives effective training.

Note that some subjects may be intermingled, and time periods and subject matter may be subject to change. The hours listed for On the Job Training will typically include more than one subject matter. The above are merely estimates. We intend for our Manual to serve as the primary source of materials during the Initial Training Program.

The above training program is conducted by Natalie Piccirillo, Store Manager at the Niagara Falls, Ontario, Canada store since July 2023.

We may also provide additional or remedial training throughout the term of the Franchise Agreement. We may elect to charge a reasonable fee for any training or meeting provided after the opening of the Franchised Business. You must pay the compensation of the trainer as well as such trainer's travel, lodging and personal expenses. The location, duration, and content of such refresher training programs or meeting has not yet been determined.

Manual

The Manual is confidential and remain our property. You will operate your Franchised Business in strict compliance with those operational systems, procedures, policies, methods, and requirements found in the Manual that are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments to the Manual, which we may provide to you in writing, either in document or electronic form, all of which are a part of the Manual.

You must treat the Manual, any other manuals or written materials provided by us or our affiliate for use in the operation of the Franchised Business, (in any format whatsoever, including but not limited to electronically, via the Internet, hard copy, etc.) and the information contained in them, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manual must be kept in a secure place within your Franchised Business. You must return all physical copies of the Manual to us, and you must permanently delete all electronic copies of the Manual in your possession or control upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from, or revisions to the Manual, which you must comply with at your own cost. You must ensure that the Manual are always kept current. If there is any dispute as to the contents of the Manual, the terms of the master copies maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including allocations of pages to each subject, are included as Exhibit E to this disclosure document. As of the date of this disclosure document, the Manual, collectively, consists of 131 pages.

To allow you to benefit from improvements in our know-how, we will update the System Galerie from time to time. You undertake to respect the changes in the Manual, technical know-how, fit-outs, and signage. In

particular, you must adapt your sales unit to any changes immediately upon notice or, with our prior approval.

ITEM 12: TERRITORY

Franchise Agreement

Under the Franchise Agreement, you will conduct and operate your Franchised Business from one or more offices located within your Designated Territory. Initially, you will establish a single Approved Location that will be listed in Exhibit A of the Franchise Agreement. You and we will agree upon a geographic territory before you sign your Franchise Agreement, which will be listed in Exhibit A of the Franchise Agreement (“Designated Territory”). You are responsible to independently evaluate any geographic territory in which you are interested and satisfying yourself as to its suitability. The Approved Location must be located within your Designated Territory.

So long as the Franchise Agreement is in force and effect and you are not in default, neither we nor our affiliates will locate, operate, or grant a franchise for another Galerie within the Designated Territory. Except as limited above in this Item 12, we and our affiliates retain all rights with respect to System Businesses, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (i) the right to operate, and to grant others the right to operate, Franchised Businesses and similar art businesses or galleries under different names or marks located anywhere outside the Designated Territory under any terms and conditions we deem appropriate and regardless of proximity to the Franchised Businesses or Designated Territory; (ii) the right to establish and operate (and to grant to others the right to establish and operate) any other businesses offering products and services that are different from the products or services offered at Franchised Businesses through similar or dissimilar channels of distribution (including, but not limited to: (1) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (2) sales through retail stores that do not operate under the Trademarks; and (3) sales made at wholesale), at any locations inside or outside the Designated Territory under trademarks or service marks other than the Trademarks and on any terms and conditions we deem appropriate; (iii) the right to acquire the assets or ownership interests of one or more businesses that operate, and/or has granted franchises, licenses, or similar rights to one or more third parties to operate, businesses similar to and/or competing with any Franchised Business and/or the right to be acquired by a competing art businesses or galleries, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Designated Territory; and (iv) the right to create, place, and/or distribute any advertising and promotional materials related to the System, the Marks, and any Franchised Business, and the services and products offered, and authorize others to do so, and those materials may appear in media, including, without limitation, the Internet or similar electronic media, or be received by prospective customers located anywhere, including within the Designated Territory; and (v) the right to operate, and to grant others the right to operate, Franchised Businesses and similar art businesses or galleries, in non-traditional or captive locations, within or outside of the Designated Territory including, without limitation, in pop-ups or limited service temporary locations. We are not required to pay you if we exercise any of the rights specified above inside your Designated Territory.

You cannot relocate your Galerie without obtaining our prior approval. We do not grant any right of first refusal or similar rights to acquire additional franchises. You must operate your Franchised Business and sell Products only to customers located within your Designated Territory. You are not permitted to solicit customers outside of your Designated Territory. However, you may sell Products to customers located outside of your Designated Territory so long as you obtain our prior written consent, and the customers are not located in the designated territory of another System Business. You have no territorial protection in any area outside of your Designated Territory.

You may not relocate the site of the Franchised Business without our express written permission. Should you relocate the Franchised Business without such permission, we reserve the right to terminate the Franchise Agreement. We may allow you to relocate the Franchised Business to another location provided that you comply with all of our System Standards for a site relocation and such relocation meets our then-current standards for relocation sites. Any relocation of the Franchised Business will be at your sole expense, and you must pay us all expenses we incur in connection with the relocation, including a relocation fee of \$7,500 (the "Relocation Fee"). If you obtain our approval for a relocation, you must do so as soon as practicable, but in no event more than thirty (30) days after the closing of the original site.

Development Agreement

If you are granted the right to open three (3) or more Franchised Businesses under our form of Development Agreement, then we will provide you with a Development Area upon execution of this agreement. The Development Area will be set forth in Section 1.1 of the Development Agreement. The size of your Development Area will likely vary from other System developers based on: (i) the number of Franchised Businesses we grant you the right to open and operate; and (ii) the location and demographics of the general area where we mutually agree you will be opening these locations. The boundaries of your Development Area may be described in terms of county lines or otherwise delineated on a map attached to the Data Sheet of the Development Agreement.

Each Franchised Business you timely open and commence operating under our then-current form of Franchise Agreement will be operated: (i) from a distinct Galerie located within the Development Area; and (ii) within its own Designated Territory that we will define once the Galerie for that Franchised Business has been approved.

If you are in compliance with your obligations under the Development Agreement, including without limitations its minimum annual sales requirements and each Franchise Agreement, then: (a) we will grant you (or your approved affiliate) the right, and you accept the obligation, to develop a specified number of Franchised Businesses in the Development Area in accordance with a Development Schedule. For each Franchised Business to be developed under the Development Agreement, you (or your approved affiliate) must execute our then-current Franchise Agreement, and each Franchised Businesses developed under this Agreement must be located within the Development Area and (b) we will not establish, nor license anyone other than you to establish a Franchised Business in the Development Area until the earlier of (a) the termination or expiration of the Development Agreement, (b) the opening of the last required Franchised Business under the Development Schedule, or (c) the last date specified in the Development Schedule, except as otherwise provided.

We will retain all rights with respect to Franchised Businesses, the System, the Marks, the sale of similar or dissimilar services, and any other activities we deem appropriate whenever and wherever we desire including, but not limited to: (a) the right to operate, and to grant others the right to operate, Franchised Businesses and similar art businesses or galleries under different names or marks located anywhere outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to the Franchised Businesses or the Development Area; (b) the right to establish and operate (and to grant to others the right to establish and operate) any other businesses offering products and services that are different from the products or services offered at Franchised Businesses through similar or dissimilar channels of distribution (including, but not limited to: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks; and (iii) sales made at wholesale), at any locations inside or outside the Development Area under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate; (c) the right to acquire the assets or ownership interests of one or more businesses that operate, and/or has granted franchises, licenses, or similar rights to one or more third parties to operate, businesses similar to and/or competing with Franchised Businesses and/or the right to be acquired by a competing art businesses

or galleries, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Development Area; (d) the right to create, place, and/or distribute any advertising and promotional materials related to the System, the Marks, and Franchised Businesses, and the services and products offered, and authorize others to do so, and those materials may appear in media, including, without limitation, the Internet or similar electronic media, or be received by prospective customers located anywhere, including within the Development Area; and the right to operate, and to grant others the right to operate, Franchised Businesses and similar art businesses or galleries, in non-traditional or captive locations, within or outside of the Development Area, including, without limitation, in pop-ups or limited service temporary locations. You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your rights within the Development Area. If you do not comply with your Development Schedule, we may terminate or modify your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties. You have no territorial protection in any area outside of your Development Area.

Minimum Performance Requirements

Under the Franchise Agreement, at a minimum, you must achieve 50% of budgeted gross sales for the first three years of operation as set forth in your approved business plan/proforma and 75% of actual previous year's Gross Sales thereafter. Your "budgeted gross sales" shall depend on a variety of factors, including but not limited to the following: size of the market, population, your locations, density of population, cost of rent, and cost of staff. If you fail to reach this minimum business growth requirement, we reserve the right to either reduce the size of your Designated Territory or to terminate the Franchise Agreement by written notice to you. We have the right to annually evaluate the financial performance of your Franchised Business.

Under the Development Agreement, each Franchise Business to be developed under the Development Agreement must generate a minimum annual sales amount of at \$275,000 within the initial twelve (12) months of opening. If the minimum annual sales target is not met, then you will be required to pay up to 100% of the commission of the difference between the achieved turnover (as determined by us) and the minimum annual sales requirement of \$275,000 within one (1) month after the end of the relevant year of the Galerie. Developer must submit sales reports in the same format and manner set forth in the Development Franchise Agreement for the Franchised Business. We may revoke any Franchise Agreement and/or terminate this Agreement if you fail to satisfy the minimum annual sales requirement of \$275,000.

Other Required Disclosures

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. As of the date of this Disclosure Document, we have not established and do not operate and have not formulated any plans or policies to establish or operate, or to franchise others to operate, any business offering services similar to or competitive with those to be offered for sale by your Franchised Business under different trade names or trademarks, or of selling other services or products utilizing the Marks, but we retain the right to do so. Except as provided in Item 1 with regards to our affiliates, we do not have any affiliates that plans to establish, or license any other party the right to establish, a business that offers the same Products under a different mark.

We and our affiliates have the right, now and in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as System Businesses operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within or near your Designated Territory).

We and our affiliates may sell ourselves, our assets, our proprietary marks (including the Marks) and/or our system (including the System) to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you will, in the Franchise Agreement, expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, Marks, other proprietary marks (or any derivation of those marks), the System, other systems and/or the loss of association with or identification as a franchisee under this Agreement. If we assign our rights in the Franchise Agreement, nothing in this disclosure document or in the Franchise Agreement will be deemed to require us to remain in the photography business.

You have no options, rights of first refusal, or similar rights to acquire additional franchises.

Restrictions on Your Sales and Marketing Activities


Except as described in this Disclosure Document regarding your e-commerce site, you are not permitted to market or sell through alternative channels of distribution. All of your marketing activities must be primarily directed towards customers within your Designated Territory although your marketing may extend outside of your territory. Your marketing activities are also subject to the additional restrictions described in Item 11. There are no other restrictions on your right to solicit customers, whether from inside or outside of your territory.

As previously disclosed, we have unrestricted access to your Computer System, including unrestricted access to view and obtain reports from your accounting software. Except as provided above, continuation of your franchise or territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency.

ITEM 13: TRADEMARKS

You will have the limited right to use the then-current Marks we designate for use in connection with the System. We have the exclusive licensing rights to the Marks, which we obtained from our ultimate parent, Iris Galerie SAS, pursuant to license agreements, as they may be amended from time to time (the “License Agreements”). Under the License Agreements, we have the perpetual non-exclusive worldwide right to use, and license others the right to use, the Marks in the United States. In the event the License Agreements are terminated, your rights to use the Proprietary Marks will not be materially altered.

We grant you a limited, non-exclusive license to use the primary mark “Iris Galerie” and certain other Marks in connection with the operation of your Franchised Business only at your premises and within your Designated Territory, provided you use these Marks as outlined in your Franchise Agreement and our Manual. You do not obtain any additional rights to use any of our Marks under any Development Agreement you execute. Our parent has filed and/or registered the Marks below on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Mark	Filing Date	Application Number
	November 10, 2023	98265315

As of the Issue Date, we do not yet have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right

to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We may supplement, substitute, discontinue and/or otherwise change the Marks we license for use in connection with your Franchised Business. from time to time. If this happens, you must change to the new trademark at your expense, and any reference to “IRIS GALERIE” or the Mark(s) in this Disclosure Document shall be understood to refer to the new trademark.

You may not use all or any portion of our Marks as part of your company name and, without our prior written consent, as part of your trade name or “d/b/a”. You may not modify the Marks with words, designs or symbols, except those that we license to you. You may not use our Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Marks, trade secrets, methods, procedures, and advertising techniques that are part of our System, or contest our sole right to register, use, or license others to use, our Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the term “Iris Galerie” or any similar phrase.

You must immediately notify us, in writing, if you become aware of any unauthorized use of our Marks or other proprietary information, and you must permit us to participate in any litigation involving you and our Marks. We will take the action we think appropriate. We will indemnify, defend and hold you harmless in connection with any third-party claims that are brought against you that arise solely out of your authorized use of any Marks in the manner we prescribe, provided you immediately notify us of the proceeding (within 3 days) and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel, unless we approve of your use of such counsel in writing prior to you engaging counsel. We will not reimburse you for disputes where we challenge your use of our Marks. Our indemnification obligation will only apply if you notify us of the claim or proceeding in a timely manner and you are in full compliance with the Franchise Agreement and Manual.

Except as disclosed above, we are not required under the Franchise Agreement to: (i) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (ii) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks. There are no agreements that materially affect our right to use or license the Marks.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents or pending patent applications that are material to the operation of a Franchised Business.

We and our affiliates claim common law copyright rights in the Manual. You may use these items while operating your Franchised Business (and must stop using them if we direct you to stop). Neither we nor any of our affiliates have filed an application for a copyright registration with the U.S. Registrar of Copyrights

for these materials but need not do so at this time to protect them. Item 11 describes limitations on the use of the Manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action to protect or defend copyrights, although we intend to do so if we decide it is necessary. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

The Franchise Agreement provides that you acknowledge that the System and the methods of operation licensed by us for the operation of a System Business, are proprietary, confidential trade secrets belonging to us or our affiliates, and you agree to maintain the confidentiality of all materials and information lent or otherwise furnished to you by us at all times, including after the termination or expiration of the Franchise Agreement, for any reason. The Franchise Agreement also provides that all ideas, concepts, techniques, or materials concerning a System Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you must assign ownership of that item and all related rights to that item to us, and must take whatever action (including signing assignment or other documents) we request to show our ownership or help us obtain intellectual property rights in the item.

Further, according to the Franchise Agreement, you agree that you will not, during the term of the Franchise Agreement (other than to the extent necessary to operate the Franchised Business) or after its expiration or termination, for any reason, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those in the public domain. You must also agree not to use our confidential information in an unauthorized manner and to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement. We may regulate the form of confidentiality agreement that you use with your employees or agents and we will be a third-party beneficiary of those agreements, with independent enforcement rights.

ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You recognize the importance of your Principal Owner’s participation in the management of the Franchised Business and that this Principal Owner’s agreement to so participate in the management of the Franchised Business is a material inducement for us to enter into the Franchise Agreement. Therefore, the Principal Owner is required to use his or her best efforts and is personally responsible for the management of the Franchised Business on a day-to-day basis, unless we otherwise approve an alternate arrangement. You may hire a qualified manager that satisfy our criteria to operate the day-to-day affairs of the Franchised Business; however, your Principal Owner must remain actively involved in the operations and management of the Franchised Business.

Your employees are under your control in implementing and maintaining our System. You have the sole responsibility and authority for terms and conditions of employment, including employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, and discipline, adjustments of grievances and complaints, and working conditions. You must communicate clearly with employees in all dealings that you are their employer and we are not their employer and do not engage any employer-type activities (including those described above) for which only you are responsible. You are required to retain such additional individuals in order to operate the Franchised Business as specified in this Agreement. These individuals must also satisfy the applicable training requirements in the Franchise Agreement. Franchisor reserves the right to charge a reasonable standard fee and its reasonable expenses incurred in providing such additional training.

Your Principal Owner is required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of the Franchised Business. All personnel who have received or will receive confidential information or training from us must execute a confidentiality agreement substantially in the form set forth in Schedule D-1 of the Franchise Agreement. Any approved agents that have access to any of the confidential Information must sign a confidentiality agreement in a form approved by us. If you are a corporation, limited liability company or partnership, your owners must personally guarantee certain non-financial and financial obligations under the Franchise Agreement and agree to be bound personally by these contractual provisions including the covenant not to compete and confidentiality.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those services and products that we have approved in writing. We have the unlimited right to change the types of required and/or authorized services and/or products that must and may be offered to customers and you will have the obligation to adhere to any such changes. We may notify you of these changes in writing (e.g., by a bulletin or a supplement to the Manual). You are prohibited from offering or selling any products or services not authorized or approved by us. You must offer and sell required services and products in compliance with the Franchise Agreement. We, in our discretion, may approve or deny your request to eliminate some or add other services or products. In accordance with applicable law, we have the right to set the prices at which you will sell the Products. You also agree to add such equipment and make such alterations, at your expense, as may be necessary to equip the Franchised Business for sale of the Products or any additional services we may require. You recognize that you may need to make an additional investment to do so. You are not permitted to solicit business outside of your Designated Territory and you are only permitted to service customers located outside of your Designated Territory as described in Item 12. Other than that, we do not impose any other restrictions or conditions that limit your access to customers. Although you can set your own prices and rates for the approved products and services, Iris we reserve the right to specify minimum and maximum advertising prices.

**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.

A. Franchise Agreement

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2 of the Franchise Agreement (“FA”)	Commences on full execution of Franchise Agreement and continues for (5) years after the commencement date.
b. Renewal or extension	Section 2 of the FA	1 additional term for five (5) years
c. Requirement for franchisee to renew or extend	Section 2 of the FA	Give us the requisite notice; you have fully complied with the Franchise Agreement; you execute a release and execute and deliver to us our then-current Franchise Agreement (which may include materially different terms and conditions) pay us \$10,000 as a renewal fee for the renewal term; carry out our reasonably required upgrading and improvements to the Franchised Business;

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		and reimburse us for all of our reasonable costs and expenses incurred in connection with the renewal.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 25(a) of the FA	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination
g. "Cause" defined – curable defaults	Section 25(a) of the Franchise Agreement	If you fail to comply with our specifications and quality standards for products, services, inventory, supplies, signs, equipment and procedures and such default is not cured within 14 days after written notice; if you operate the Franchised Business in a dishonest, illegal, unsafe, unsanitary or unethical manner, or engages in any conduct related to the franchised business which in our reasonable opinion materially and adversely affects or may affect the reputation, identification and image of the System or the Marks, for a period of 10 days after written notice; if you fail to pay any amount due and owing to us within 5 days after written notice; if you fail to comply with any other covenant or obligation under this Agreement for a period of 30 days after written notice.
h. "Cause" defined – non-curable defaults	Section 25(b) of the Franchise Agreement	If you abandon the Franchised Business for 10 consecutive business days or more, or for an aggregate of 10 business days or more in any 30 day period; if you become bankrupt, or be in receivership for a period exceeding 10 business days, or shall be dissolved, liquidated or wound-up, or if you shall make a general assignment for the benefit of your creditors or a composition, arrangement or proposal involving its creditors, or otherwise acknowledge its insolvency, and the insolvency or other action is not cured within such 10 business days; if you, or any partner, manager, director or officer shall be convicted of any indictable criminal offence, or any crime involving moral turpitude. or shall be found liable for or guilty of fraud, fraudulent conversion, embezzlement, or any comparable action in any civil or criminal action or proceeding pertaining or relevant in our opinion to the Franchised Business; if you are convicted of misleading advertising or any other sales-related statutory offence pertaining to the Franchised Business, or enjoined from or ordered to cease operating the Franchised Business or any material part thereof by reason of dishonest, illegal, unsafe, unsanitary, or unethical conduct; if you have your business license or any other license, permit or registration pertaining to the Franchised Business suspended for just cause or cancelled and not reinstated or re-issued within 10 business days; if you attempt to pledge, encumber, charge, hypothecate or otherwise give

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		<p>any third party a security interest in, or assign the Franchise Agreement without our prior written consent, or if an assignment of the Franchise Agreement occurs by operation of law or judicial process without such consent; if you attempt to assign, transfer, or convey the Marks, trade name, Internet domain name, uniform resource locator, copyrights, custom proprietary computer software, confidential information, or trade secrets, or if you duplicate, publish, disclose, use, or misuse any of the same in a manner or at or from a location not authorized by us; if you intentionally falsify, misrepresent, or misstate to us any financial statements, reports or information required under the Franchise Agreement; or if you unilaterally repudiate the Franchise Agreement or the performance or observance of any of the terms and conditions of the Franchise Agreement by word or conduct evidencing your intention to no longer comply with the Franchise Agreement.</p>
<p>i. Franchisee's obligation on termination/non-renewal</p>	<p>Section 26 of the Franchise Agreement</p>	<p>You will cease use of all of the existing telephone numbers (including the fax numbers) of the Galerie, Internet domain names, uniform resource locators, electronic mail addresses and search engine metatags for the franchised business; and we will have the right to arrange for call and message forwarding and to take over and have assigned to us or our designee the existing telephone numbers and directory listings, Internet domain names, uniform resource locators, electronic mail addresses and search engine metatags for the franchised business; discontinue use of the Marks, trade name, Internet domain names, uniform resource locators, electronic mail addresses, search engine metatags, copyrights, custom computer software, operating manuals, training materials, advertising, marketing, promotional and merchandising methods and materials, and all other confidential information and trade secrets; not refer to yourself as having been a former franchisee or; return to us all copies in its possession of the operating manuals, training materials and all other confidential and proprietary information and materials and custom computer programs relating to the System or bearing or containing the Marks; de-identify the Galerie premises including removal therefrom of all signs or other references to the Trademarks, and all colors and color combinations and any other distinctive elements of the System as specified by us to you from time to time or upon or after expiration or termination of the Franchise Agreement.</p>
<p>j. Assignment of contract by Franchisor</p>	<p>Section 24(a)</p>	<p>No restrictions on right to assign</p>

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
k. "Transfer" by franchisee – defined	Sections 24(a) and 24(b) of the Franchise Agreement	Transfer in Franchise Agreement, you, or Franchised Business.
l. Franchisor approval of transfer by franchisee	Section 24(b) of the Franchise Agreement	Right to approve all transfers
m. Conditions for franchisor approval of transfer	Section 24(b) of the Franchise Agreement	The assignee must meet our then-current criteria for the selection and approval of franchisees; the assignee and the management personnel proposed to be employed by the assignee for the Franchised Business shall satisfactorily complete our initial training program; the assignee assumes and agrees to be bound by and perform all of your covenants and obligations; all your obligations of Franchisee under this Agreement shall be brought up to date and into full compliance; you will deliver to us a complete release of all claims against us and its officers in respect of all matters arising under or pursuant to the Franchise Agreement; you will reimburse us for our reasonable actual expenses incurred in connection with the assignment or proposed assignment; and pay to us prior to the consummation of the assignment a nonrefundable transfer fee of \$20,000.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 24(d) of the Franchise Agreement	We can match any offer for your business or an ownership interest in you
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of the franchisee	Section 24(g)	If triggered then must provide the requisite notice to us for consent to transfer the person's interest. No transfer fee if you reimburse our out-of-pocket costs for reviewing, approving, and documenting your proposed transaction, including our attorneys' fees. If an interest is not disposed of within 6 months after the triggering event, then we may terminate this Agreement.
q. Noncompetition covenants during the term of the franchise	Section 26(e)(i)	You and your owners, managers, directors and officers will not directly or indirectly, in any manner or capacity whatsoever, compete with the Franchised Business, or conduct or license or otherwise be engaged or interested in or assist any wholesale or retail business which features or offers for sale products or services substantially or confusingly similar to or colorable imitative of those featured and offered for sale at Iris Galerie retail stores, or which utilizes some or all of the essential distinctive elements of the System, or which has a substantially or confusingly similar or colorable imitative Mark, trade name, Internet domain name, electronic mail address, search engine metatag, Internet

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		website design, custom computer software or business format to those of the System.
r. Noncompetition covenant after the franchise is terminated or expires	Section 26(e)(i)	For 2 years after the termination or expiration of the Franchise Agreement, you and your owners, managers, directors and officers will not directly or indirectly, in any manner or capacity whatsoever, compete with the Franchised Business, or conduct or license or otherwise be engaged or interested in or assist any wholesale or retail business which features or offers for sale products or services substantially or confusingly similar to or colorable imitative of those featured and offered for sale at Iris Galerie retail stores, or which utilizes some or all of the essential distinctive elements of the System, or which has a substantially or confusingly similar or colorable imitative Mark, trade name, Internet domain name, electronic mail address, search engine metatag, Internet website design, custom computer software or business format to those of the System.
s. Modification of the agreement	Section 34(c)	May be modified only by written agreement signed by both parties
t. Integration/merger clause	Sections 34(a) and (b)	Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Sections 39	All claims or disputes between you and us must be submitted first to mediation in New Castle County, DE in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect and if mediation is not successful, then by litigation.
v. Choice of forum	Section 39	Litigation must be in the state or federal courts of general jurisdiction for New Castle County, DE (subject to applicable state law)
w. Choice of law	Section 39	Delaware law applies (subject to applicable state law pursuant to the Franchise Agreement)

B. Development Agreement

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a. Term of franchise	Section 1	The Development Agreement will commence on the date it is fully executed and end on the earlier of (a) the termination or expiration of the Development Agreement, (b) the opening of the last required Franchised Business under the Development Schedule, or (c) the last date specified in the Development Schedule.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
b. Renewal or extension of the term	Not Applicable	Not Applicable.
c. Requirements for you to renew or extend	Not Applicable	Not Applicable.
d. Termination by you	Not Applicable	Not Applicable.
e. Termination by us without cause	Not Applicable	Not Applicable.
f. Termination by us with cause	Sections 3 and 8	Each of your obligations under the Development Agreement is a material and essential obligation, the breach of which may result in termination
g. Cause defined - default which can be cured	Section 8.3	You have 30 days to cure all others except those listed in Sections 8.1 and 8.2 of the Development Agreement
h. Cause defined - default which cannot be cured	Sections 3, 8.1 and 8.2	Your Development Agreement can be terminated by us if you are insolvent or make a general assignment for the benefit of creditors; fail to satisfy the annual minimum sales requirements or if you file a petition in bankruptcy is filed by Developer or such a petition is filed against and not opposed by you; or if you are adjudicated bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for thirty (30) calendar days or longer, unless appealed or a supersedeas bond is filed; or if you are dissolved ; miss a deadline in the Development Schedule; or if Franchise Agreement for any Franchised Business operated by you, your owners, or any entity affiliated with you is terminated.
i. Your obligations on termination/ non-renewal	Section 1	Adhere to requirements under each Franchise Agreement for each Franchise Business developed under the Development Agreement.
j. Assignment of contract by us	Section 6.1	We have the right to assign our rights under the Development Agreement.
k. "Transfer" by you - definition	Section 6.2	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l. Our approval of transfer by franchisee	Section 6.2	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
m. Conditions for our approval of transfer	Section 6.2	Our consent to any assignment shall be conditioned upon the following: the assignee shall reasonably meet our then-current criteria for the selection and approval of developers; the assignee and the management personnel proposed to be employed by the assignee for the franchised business shall satisfactorily complete our initial training program under any Franchise Agreement; the assignee shall assume and agree in writing to be bound by and perform all of the covenants and obligations of you; all obligations of you shall be brought up to date and into full compliance; delivery to us a complete release of all claims against us and our officers in respect of all matters; you acknowledge that we will provide assistance and other services, including training, and will incur expenses in connection with any assignment or proposed assignment, and thus you shall reimburse us for its reasonable actual expenses incurred in connection with the assignment or proposed assignment, including the expenses of one of our personnel inspections; pay us prior to the consummation of the assignment a nonrefundable transfer fee in the amount of \$20,000.
n. Our right of first refusal to acquire your business	Not applicable	Not applicable
o. Our option to purchase your business	Not applicable	Not applicable
p. Your death or disability	Section 6.4	Person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within 3 months after the for consent to transfer the person's interest; we will not impose a transfer fee for such a transfer if you reimburse us for the out-of-pocket costs (including attorney fees) that we incur with reviewing, approving, and documenting your proposed transaction, In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of assignment, the executor may transfer the decedent's interest to another successor that we have approved,. If an interest is not disposed of under this section within 6 months after the date of death or appointment of a personal representative or trustee, then we may terminate this Agreement.
q. Noncompetition covenants during the term of the franchise	Section 7.1	You and your owners, directors, managers, and officers shall not, directly or indirectly, in any manner or capacity whatsoever, compete with the Franchised Business or similar business, or conduct or license or otherwise be engaged or interested in or assist any art business or art gallery business which features or offers for sale products or services substantially or confusingly similar to or colorable imitative of those featured and offered for sale at

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
		our franchised or retail stores, or which utilizes some or all of the essential distinctive elements of the System, or which has a substantially or confusingly similar or colorable imitative Mark, trade name, Internet domain name, electronic mail address, search engine metatag, Internet website design, custom computer software or business format to those of the System.
r. Noncompetition covenants after the franchise is terminated or expires	Section 7.2	For 2 years on and after the termination and expiration, you and your owners, directors, managers, and officers shall not, directly or indirectly, in any manner or capacity whatsoever, compete with the Franchised Business or similar business, or conduct or license or otherwise be engaged or interested in or assist any art business or art gallery business which features or offers for sale products or services substantially or confusingly similar to or colorable imitative of those featured and offered for sale at our franchised or retail stores, or which utilizes some or all of the essential distinctive elements of the System, or which has a substantially or confusingly similar or colorable imitative Mark, trade name, Internet domain name, electronic mail address, search engine metatag, Internet website design, custom computer software or business format to those of the System.
s. Modification of the Franchise Agreement	Section 12.5	Except as otherwise specified, any modification of the Development Agreement must be in writing and signed by both parties.
t. Integration/ merger clauses	Sections 12.3 and 12.4	Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by mediation	Section 11	At our option, all claims or disputes between you and us must be submitted first to mediation in New Castle County, DE in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect and if mediation is not successful, then by litigation.
v. Choice of forum	Section 11	Subject to Sections 13 and 14 of the Development Agreement, all claims must be brought before the court of general jurisdiction nearest to New Castle County, DE or the United States District Court for the District of Delaware. You consent to the personal jurisdiction and venue of these courts (subject to state law).
w. Choice of law	Section 11	The Development Agreement is governed by the laws of the state of Delaware (subject to state law).

ITEM 18: PUBLIC FIGURES

We do not use any public figure to promote this 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 by, for example, providing information about possible performance at a particular location or under particular circumstances.

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I. Financial Performance Representations of Galeries

Table 1

Sales and revenues	Toronto Distillery District	Québec City
Sales of products	\$ 319 422	\$ 332 117
Total sales and revenues	\$ 319 422	\$ 332 117
Operating costs		
Commission (COGS) - 45%	\$ (143 740)	\$ (149 453)
Maintenance Technology fee	\$ (4 800)	\$ (4 800)
Shipping	\$ (2 898)	\$ (3 729)
Gross profit	\$ 167 985	\$ 174 135
Insurance	\$ (707)	\$ (707)
Professionnel fees	\$ (1 520)	\$ (898)
Accounting	\$ (2 944)	\$ (2 944)
Bank fees	\$ (291)	\$ (330)
Credit Card Fees	\$ (6 708)	\$ (6 974)
Payroll fees	\$ (886)	\$ (886)
Rent	\$ (22 423)	\$ (17 544)
Marketing Fee	\$ (2 100)	\$ (2 100)
Office supplies	\$ (566)	\$ (724)
Freight & Delivery - Customs fees	\$ (629)	\$ (637)
Utilities & Telephone	\$ -	\$ (438)
Payroll fees	\$ (52 558)	\$ (72 510)
Amortization	\$ (3 374)	\$ (5 437)
Operating Income	\$ 73 280	\$ 62 007
Financial costs	\$ -	\$ -
Earnings before taxes	\$ 73 280	\$ 62 007
Taxes (bases Federal Tax 21%) + (States 9%)	\$ (21 984)	\$ (18 602)
Net Income	\$ 51 296	\$ 43 405
Earnings before taxes	23%	19%
Profitability	16%	13%
EBITDA	\$ 76 654	\$ 67 444

Table 2

	Toronto <u>Distillery</u> District	Québec City
Transactions	2437	2220
ATP over 8 months	\$ 131	\$ 150
Total Transactions High Season (June to September & December)	1769	1451
Total Transactions Low Season (May, October & November)	668	769
Openings Hours of the store	62	62
Hours Workings over the period	3035	3698
Productivity	\$ 105	\$ 90
Transactions per week	76	77

You should consider the following factual basis and material assumptions in reviewing Item 19:

1. The financial performance representations (“FPRs”) in this section are only for Galerie franchises that have operated the longest in North America (“Qualifying Galeries”). The “Performance Period” for the Galeries are as follows: from May 3, 2023 to December 31, 2023 for the Galerie located in

Toronto (Ontario, Canada) (“Toronto Galerie”) and from May 26, 2023 to December 31, 2023 for the Galerie located in Québec City (Québec, Canada) (“Québec City Galerie”).

2. All monetary amounts are in U.S. Dollars and computed based on the Canadian-U.S. version rate from the Federal Reserve (https://www.federalreserve.gov/releases/h10/hist/dat00_ca.htm) as December 31, 2023.

3. The FPRs disclosed in this section were prepared based on unaudited information that franchisees reported to us. We did not independently verify any of the reported information.

4. For purposes of Table 1 of this Item 19, (a) “Sales” includes the revenue from the sale of products and services (excluding sales taxes) generated from the Galeries; (b) “Operating Costs” include the Commissions, Maintenance Technology Fee and Shipping for the Galeries; (c) “Gross Profit” is equal to Sales minus the Operating Costs; (d) the table lists the following expenses for the Galeries - Insurance; Professional fees; Accounting; Bank fees; Credit Card Fees; Payroll fees; Rent; Marketing Fee; Office supplies; Freight & Delivery - Customs fees; Utilities & Telephone; Payroll fees; Amortization (“Operating Expenses”); (e) “Operating Income” for the Galeries is equal to the Gross Profit minus Operating Expenses; (f) Financial Costs; (g) “Earnings before taxes” are equal to Operating Income minus Financial Costs; (h) “Net Income” is equal to the Earnings before taxes minus Taxes (which are based on a 21% federal rate 9% state rate; (i) the Earnings before taxes percentage is equal to the Earnings before taxes divided by Sales, then multiply by 100; (j) Profitability is equal to Net Income divided by Sales, then multiply by 100; and (k) “EBITA” means earnings before interest, taxes, depreciation, and amortization.

5. For the purposes of Table 2 of this Item 19, (a) “Transaction” refers to the purchase of one or more products by a client at the Galerie and (b) “Productivity” was calculated by taking the “Sales” for each of the respective Galeries in Table 1 and dividing it by the respective number of hours worked at each of the respective Galeries.

II. General Information

Canada, like the U.S., is in North America and there are similarities between operating a business in Canada and the U.S. Moreover, the Iris Galeries in the U.S. will offer and sell products and related services under business, marketing, and operating systems and requirements similar to the Qualifying Galeries, so we anticipate that performance of the Iris Galeries in the U.S. will be materially the same as of the performance of the Qualifying Galeries.

Despite this being the case and as with any new franchise or business opportunity whether operating within or outside of Canada and U.S., **your individual results may differ. There is no assurance that you will sell as much.** So, your sales, operating costs, expenses, gross profit, net income, earnings, profitability may differ substantially from each of the Galeries. You may experience capitalized or additional costs, expenditures, and fees (See Items 5, 6, and 7) that are not included in the FPRs in this section. Your accounting practices and recording of financial information may be different. You will need to take into account that the location of your Galerie will be in the U.S., territory protections for your Galerie, and square footage requirements for your Galerie may be substantially different than the ones disclosed in this Item 19, and this may result in significant and adverse differences in the revenues and expenses due to among other things the conversion rate, higher costs and expenses in the U.S. associated with compliance with laws; labor, pricing and seasonal variations, identifying suitable sites and leasing costs, financing costs, and taxes and tax rates.

You should conduct an independent investigation of the costs and expenses you will include in operating your Galerie. Written substantiation of the information contained in this Item 19 will be made available to prospective franchisees upon reasonable request.

Other than described 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 your future income, you should report it to our management by contacting Tanguy Saillant, usfranchise@irisgalerie.com, c/o Iris Galerie Franchising LLC at Iris Galerie Franchising LLC, 3080 Yonge Street, Suite 5004, Toronto, Ontario, M4N 3N1; (437) 422-4232, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE 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	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	0	0	0
	2022	0	0	0
	2023	0	0	0

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

TABLE 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 Year
Totals	2021	0	0	0	0	0	0	0

	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Total	0	4	2

ITEM 21: FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as **Exhibit D** is our audited financial statements as of February 29, 2024 and unaudited balance sheet as of March 8, 2024. We have not been in business for three (3) years or more and, as such, we cannot include all financial statements required of this item. Our fiscal year end is December 31.

ITEM 22: CONTRACTS

The following are attached to this disclosure document:

- Exhibit A – Franchise Agreement and Schedules
- Exhibit B – Area Development Agreement and Exhibits
- Exhibit C – State-Specific Addenda (if and as applicable)
- Exhibit H – Sample Form of Release

ITEM 23: RECEIPTS

Exhibit J of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: Attn: Tanguy Saillant, usfranchise@irisgalerie.com, c/o Iris Galerie Franchising LLC, located at Iris Galerie Franchising LLC, 3080 Yonge Street, Suite 5004, Toronto, Ontario, M4N 3N1.

**Exhibit A to the
FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISE AGREEMENT

[Follows:]



FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made as of [Insert Day], 202__ (the “**Effective Date**”),

BETWEEN: **Iris Galerie Franchising LLC**, a Delaware limited liability company, principally located at 3080 Yonge Street, Suite 5004, Toronto, Ontario, M4N 3N1; (the “**Franchisor**” or “**Iris Galerie**”)

AND: **[Insert Name of Franchisee]** a [Insert State of Formation and Type of Entity], principally located at [Insert Address], (the “**Franchisee**” or “**You**”)

(the Franchisor, Iris Galerie, Franchisee, or You may be referred to herein, individually, as a “**Party**” and, collectively, as the “**Parties**”)

RECITALS

WHEREAS:

- A. Franchisor has developed a unique experience and product, capturing the essence of the eye and immortalizing the iris through art and technology that combines photography and high-quality printing;
- B. Franchisor has developed and continues to develop a network and plan for the operation of business with distinguishing characteristics that include without limitation Franchisor’s confidential and proprietary information and trade secrets, distinctive images, designs, business formats, methods, procedures, and specifications, distinctive exterior and interior design, decor, color scheme, and furnishings, uniform standards, specifications, and procedures for operations, quality and uniformity, procedures for management and inventory control, training and assistance; and advertising and promotional programs offering for sale the Iris Galerie Products, related products and services, of controlled quality, in accordance with Franchisor’s prescribed standards, specifications, policies and procedures, under the name, trademark and style of “Iris Galerie,” all of which Franchisor may periodically change, improve, and further develop (the “**Franchise System**”);
- C. Franchisor owns and controls the trade name and trademark “Iris Galerie” and related trademarks and designs used in connection with the Iris Galerie Products and Franchise System (the “**Trademarks**”);
- D. Franchisee has applied for a franchise to operate an Iris Galerie retail store, utilizing and in conformity with Franchisor’s business methods, Franchise System, and use of the Trademarks at one or more galleries, providing Iris Galerie Products and accessories within the Designated Territory;
- E. Franchisor has agreed to grant a franchise to Franchisee on the Designated Territory, upon the terms and conditions of this Agreement, and has agreed to supply to Franchisee all necessary tools and resources to operate the franchise, including but not limited to the Iris Galerie equipment, training, and accessories;

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, and for other consideration acknowledged by the Parties to be of good and sufficient value, the Parties agree as follows:

AGREEMENT:

1. DEFINITIONS

In this Agreement, the following capitalized terms shall have the following meanings unless the context requires otherwise:

- (a) **“Approved Retail Location”** means the retail location which has been approved by Franchisor for the operation by Franchisee of a retail sales outlet as set forth in Schedule A, as may be amended or supplemented from time to time;
- (b) **“Artwork”** means the high-quality printed reproductions of photography of irises produced by Franchisor’s methods and the alternate products related thereto;
- (c) **“Commencement Date”** means, with respect to the Galerie, the date Franchisee first performs or are able to provide the Products and related services under the Trademarks to customers in the Designated Territory, which date will be set forth in our notice(s) of approval and included in Schedule A of this Agreement.
- (d) **“Designated Territory ”** means the Designated Territory as set forth in Schedule A;
- (e) **“Franchise”** means a business operated by a Franchisee which is engaged in the retail sale of Iris Galerie Products in the Designated Territory or any part thereof;
- (f) **“Franchisee”** means Franchisee as the authorized retailer of Iris Galerie Products at the Galerie in the Designated Territory;
- (g) **“Galerie”** means the Franchise operating at an Approved Retail Location;
- (h) **“Gross Sales”** means for a specified period, the gross sales of all Products sold by Franchisee generated by the sale of Products at, from, or via the Galerie during that period less: (i) returns of Product at the Galerie during that period; (ii) refunds and allowances made by Franchisee at the Galerie during that period; (iii) store credits redeemed by Franchisee at the Galerie during that period; (iv) amounts received by Franchisee from the sale of gift certificates at the Galerie during that period (it being understood and agreed that the redemption of gift certificates will be included as Gross Sales for the period in which they are redeemed); and (v) amounts collected by Franchisee at the Galerie during that period on account of taxes. Gross Sales also does not include shipping costs.
- (i) **“License Fee”** means the one-time lump sum payment which is required to be paid by a Franchisee to Iris Galerie, as consideration for the grant of a right to acquire or operate a Franchise;

- (j) **“Licensed Product”** means a third-party product and related services which are approved for sale by Franchisor, whether in association with the Trademarks or not, and which is distributed and/or sold by the Franchisee;
- (k) **“Iris Galerie Products”** means the Artwork and the Products and related services, other than Licensed the Products approved for sale by Franchisor, which (i) display the Trademarks, or (ii) are distributed or sold under a system of distribution or sale in which the use or display of the Trademarks is an integral part thereof;
- (l) **“Principal Owner”** refers to you as an individual if Franchisee is a sole proprietor or the majority owner of Franchisee if Franchisee is an entity. If there are multiple owners of Franchisee who have the same amount of ownership interest, then Franchisee will designate one of its owners to be the Principal Owner;
- (m) **“Products”** means, collectively, the approved Iris Galerie Products and Licensed Products.
- (n) **“Trademarks”** means the trademarks, service marks, trade dress, trade names, trade secrets, know-how, and other commercial symbols and related logos and all configurations and derivations as presently exist, or which may be modified, changed, or acquired by Franchisor or its affiliates in connection with the operation of the Galerie together with such other trade names, trademarks, symbols, logos, distinctive names, slogans, service marks, certification marks, logo designs, insignia or otherwise which may be designated by Franchisor from time to time.

2. TERM, RENEWAL AND LICENSE FEE

- (a) Subject to any right of earlier termination as provided for herein, the initial term of this Agreement shall commence on the Effective Date and continue for a period of five (5) years after the Commencement Date (the **“Initial Term”**).
- (b) Franchisee shall pay Franchisor a lump sum License Fee of \$35,000 for the Initial Term.
- (c) The License Fee shall be deemed to have been fully earned by and payable to Franchisor upon the granting of this Franchise and no portion of the License Fee shall be refundable to or become not payable by Franchisee for any reason.
- (d) The License Fee to be paid for the Initial Term is payable upon signing this Agreement.
- (e) Franchisee shall have the right to renew this Agreement for one (1) subsequent term of five (5) years (a **“Renewal Term”** and, with the Initial Term, the **“Term”**), unless Franchisee fails to meet the then-current terms and conditions of renewal as specified herein. The terms and conditions for renewal of this Agreement are as follows:
 - (i) Franchisee shall notify Franchisor in writing at least nine (9) months prior to the expiration of the Initial Term that it wishes to exercise this option to renew;

- (ii) Franchisee's option to renew shall only be effective if, at the time of its exercise and at the time of commencement of the renewal term, Franchisee shall have fully complied with all of the material terms and conditions of this Agreement;
 - (iii) in the event of non-compliance by Franchisee, if Franchisor shall determine not to allow Franchisee to renew this Agreement, then Franchisor shall notify Franchisee in writing setting forth Franchisor's reasons for non-renewal, and Franchisor shall give as much notice of non-renewal to Franchisee as is reasonably practicable in the circumstances;
 - (iv) Franchisee shall execute a release and execute and deliver to Franchisor a new franchise agreement for the renewal term in Franchisor's then-current standard form, which may include terms and conditions which differ from those contained in this Agreement, except that Franchisee shall be obligated to pay \$5,000 as a Renewal Fee for the renewal term;
 - (v) Franchisee shall carry out Franchisor's reasonably required upgrading and improvements to the franchised business in order to conform with Franchisor's then-current standards and specifications; and
 - (vi) Franchisee shall reimburse Franchisor for all of its reasonable costs and expenses incurred in connection with the renewal, including inspection of the franchised business and providing any required additional training.
- (f) Notwithstanding anything to the contrary herein, Franchisor has the right, in its sole discretion, to refuse to grant Franchisee an extension of the Term.

3. APPOINTMENT; LIMITED LICENSE GRANT; PRODUCTS

- (a) Subject to any termination or non-renewal of this Agreement, and except as otherwise provided in this Agreement, Franchisor appoints Franchisee, for so long as this Agreement remains in effect, as a non-exclusive retailer of Iris Galerie Products at the Galerie in the Designated Territory. Franchisor grants Franchisee a limited, non-exclusive license to use the primary Trademark "**Iris Galerie**" and certain other Trademarks approved by Franchisor in connection with the operation at the Galerie within the Designated Territory. Franchisor may supplement, substitute, discontinue, and/or otherwise change the Trademarks Franchisor licenses for use in connection with Galerie from time to time. If this happens, Franchisee must change to the new Trademark at Franchisee's expense.
- (b) Each Galerie to be established and operated by Franchisee in the Designated Territory must first be approved by Franchisor, such approval not to be unreasonably withheld or delayed.
- (c) Franchisee shall prepare and submit for Franchisor's review and reasonable approval a budget for the development and first year's operations of the Galerie, at the time of presenting the proposed retail location to Franchisor for its approval. Franchisor will provide assistance to Franchisee, but only for the purposes of guidance. Franchisee will be solely responsible to work with its own advisors in preparing and finalizing such budgets.

- (d) In the event that Franchisee wishes to relocate the Galerie to another location due to:
- (i) unfavorable business conditions; or
 - (ii) a change in the nature or character of the area where the Galerie is located; or
 - (iii) the Galerie is no longer adequate to support actual or potential business volumes;

then Franchisee shall submit a written request to Franchisor requesting such permission and providing the reasons for such request and Franchisor shall consider and respond to any such request and shall notify Franchisee in writing within thirty (30) days following receipt of such request of its decision thereof. Franchisor may approve the relocation of the Galerie to another location within the Designated Territory provided that Franchisee complies with all of Franchisor's requirements for a relocation and such relocated Galerie meets Franchisor's then current Galerie criteria for relocation. Franchisee will pay Franchisee a Relocation Fee of \$7,500 when invoiced.

- (e) So long as the Franchise Agreement is in force and effect and Franchisee is not in default, neither Franchisor nor its affiliates will locate, operate, or grant a franchise for another Galerie within the Designated Territory. Franchisee must operate the Galerie and sell Products only to customers located within the Designated Territory. Franchisee is not permitted to solicit customers outside of the Designated Territory; provided that, Franchisee may sell Products to customers located outside of the Designated Territory so long as Franchisee obtain Franchisor's prior written consent, and the customers are not located in the designated territory of another franchisee. Except as otherwise expressly stated in this Agreement, Franchisee is not permitted to market or sell through alternative channels of distribution. All of Franchisee's marketing activities must be primarily directed towards customers within the Designated Territory although Franchisee's approved marketing may extend outside of the Designated Territory provided that such activities comply with the terms and conditions of this Agreement.

Subject to the terms of Section 3(e) of this Agreement, Franchisor and its affiliates retain all rights with respect to Franchise System, the Trademarks, the sale of similar or dissimilar products and services and any other activities Franchisor deems appropriate whenever and wherever we desire, including without limitation: (i) the right to operate, and to grant others the right to operate, Franchised Businesses and similar art businesses or galleries under different names or marks located anywhere outside the Designated Territory under any terms and conditions Iris Galerie deems appropriate and regardless of proximity to the Franchised Businesses Designated Territory; (ii) the right to establish and operate (and to grant to others the right to establish and operate) any other businesses offering products and services that are different from the products or services offered at Franchised Businesses through similar or dissimilar channels of distribution (including, but not limited to: (1) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (2) sales through retail stores that do not operate under the Trademarks; and (3) sales made at wholesale), at any

locations inside or outside the Designated Territory under trademarks or service marks other than the Trademarks and on any terms and conditions Iris Galerie deem appropriate; (iii) the right to acquire the assets or ownership interests of one or more businesses that operate, and/or has granted franchises, licenses, or similar rights to one or more third parties to operate, businesses similar to and/or competing with any Franchised Business and/or the right to be acquired by a competing art businesses or galleries, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Designated Territory. It is expressly acknowledged by Franchisee and Franchisor that any such business operations of the same or similar business that existed or operated at the time of such acquisition or transaction shall not constitute a breach of this Agreement; and (iv) the right to create, place, and/or distribute any advertising and promotional materials related to the System, the Trademarks, and any Franchised Business, and the services and products offered, and authorize others to do so, and those materials may appear in media, including, without limitation, the Internet or similar electronic media, or be received by prospective customers located anywhere, including within the Designated Territory; and (v) the right to operate, and to grant others the right to operate, Franchised Businesses and similar art businesses or galleries, in non-traditional or captive locations, within or outside of the Designated Territory including, without limitation, in pop-ups or limited service temporary locations.

At a minimum, Franchisee must achieve 50% of budgeted gross sales for the first three (3) years of operation as set forth in Franchisee's approved business plan/proforma and 75% of actual previous year's Gross Sales thereafter. Franchisee's "**Budgeted Gross Sales**" shall depend on a variety of factors, including but not limited to the following: size of the market, population, Franchisee's location, density of population, cost of rent, and cost of staff. If Franchisee fails to reach this minimum business growth requirement, Franchisor reserves the right to either reduce the size of the Designated Territory or to terminate the Franchise Agreement by written notice to Franchisee.

Franchisor and its affiliates have the right, now and in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Galleries operating under the Trademarks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Franchisee acknowledges and agrees may be within or near the Designated Territory).

- (f) Franchisor or its approved suppliers will loan Franchisee the Products. Franchisee will be authorized to offer and sell at the Galerie for sale on a consignment basis. Franchisee will also be loaned certain Products and fixtures that may only be displayed at the Galerie (the "**Display Products**"). Franchisee will then sell the Products to the customers. Franchisee must ensure that all sales and deliveries of Products at the Galerie, as well as any other products and services that authorized Franchisee to sell is properly recorded and scheduled through the point-of-sale system Franchisor's designate for use at the Galerie. Franchisee bears the risk of loss on all payment responsibilities and obligations of the customer, credit card charge backs and sales of Products using lease-to-own services. Franchisor may

charge Franchisee any fees Franchisor incurs relating to bad checks, credit card charge backs, or lease-to-own services. All Products Franchisee releases without proper payment are considered cash sales and are Franchisee's responsibility. Franchisee must reimburse Franchisor or its designee for any Product that is released without proper payment at its retail price.

- (g) Franchisee shall not use any Trademark in association with any third party product or engage in the retail sale of any third-party product at the Galerie unless such product is a Licensed Product.
- (h) Franchisee will be responsible for the reasonable cost of adding the Galerie to Franchisor's primary website, when developed by Franchisor.

4. ARTWORK

(a) Photographing

In order to offer the best possible and most uniform experience throughout the network of IRIS GALERIE galleries, Franchisee will comply with all the rules for photographing and using the dedicated software that will be taught to it as part of the training provided for in this Agreement. To that end, Franchisee must place all final files (after processing by Franchisee) in the space designated by Franchisor, whether they are carry-out prints or those to be printed in large formats in the laboratory.

Franchisee is fully responsible for its actions. Franchisor cannot be held liable under any pretext, including in the context of compliance with anti-COVID 19 rules and health recommendations. If a customer of Franchisee nevertheless initiates an action against Franchisor, Franchisee will take its place by holding Franchisor harmless in any event of any judgment handed down against Franchisor.

If the Franchisee does not comply with the rules for capturing and working with images, the work in question must be reviewed Franchisor so that the quality of the "Iris Galerie" brand name is respected. Franchisor will invoice the Franchisee for the work thus carried out on the images at \$150 per hour excluding taxes per hour.

The Franchisee is responsible for overseeing operating procedures that have been put in place on the machines and the software. They make it possible to verify that the Franchisee complies with these procedures in order to offer a uniform, high-quality service within the network.

(b) Inventory

- (i) The Products remain the exclusive property of Franchisor until they are fully paid for by the customers. After notice from Franchisee, Franchisor will determine the nature and quantities of the Products provided to the Franchisee at the beginning of each year as well as the nature and quantities of Products returned to stock during each year. However, as the Franchisee is a depositary, it will be personally responsible for stocking,

insuring, maintaining, safeguarding, and keeping in good condition with special care all products entrusted to it by Franchisor to constitute its stock.

- (ii) Franchisee cannot pledge the Products, use them to constitute collateral or warrants, or grant any other right to them whatsoever to third parties for any reason whatsoever. Lastly, in the event of receivership, court-ordered liquidation, or bankruptcy of Franchisee, the works may in no case be included in its assets. In said case if the Franchisee is declared insolvent shall, at all moments, duly indicate to all third Parties that all the products are owned by Franchisor.
- (iii) Any complaint relating to the delivery of Products must be communicated to Franchisor within a maximum period of two working days from delivery in the case of defective or damaged Products from Franchisor. Any claim made beyond this period will be rejected, and the Franchisee must personally assume any consequences of the noted defects (including being liable to Franchisor for the full price of any Product). Apart from these situations, the claim must be communicated within five days after the Franchisee learns of the defects, and the period cannot exceed 45 days from delivery.
- (iv) Franchisor is not responsible for any delay in delivery or any incident that could give rise to a claim against the carrier by Franchisee. Where appropriate, Franchisee must indicate the usual reservations to the carrier on the waybill and send to it, within 48 hours of the date of receipt of the works, a registered letter with acknowledgment of receipt confirming the complaints indicated on the waybill whenever a missing product or merchandise damage appears to be attributable to the carrier.
- (v) Franchisor bears the risk of loss for each Product caused by delivery delay or any incident due to carrier fault. Franchisee bears the risk of loss, subject to a 0.2% annual commission exemption, for Products that are observed missing during annual inventory checks, and Franchisee shall pay be responsible for paying the retail price of the missing Products within 10 days after receipt of the invoice.
- (vi) Franchisee bears the risk of loss for each damaged Product from the time Franchisor or its designee delivers the damaged Product to Franchisee until Franchisee delivers the damaged Product back to Franchisor or its designee (or otherwise dispose of it according to Franchisor's instructions). Franchisee must reimburse Franchisor or its designee, subject to a 0.2% combined annual exemption, for any damaged Product that is lost, damaged, or destroyed at its retail price, plus transportation costs associated with the damaged Product and replaced damaged Product within 10 days after the loss, damage, or destruction is discovered.
- (vii) Franchisee is responsible for any costs associated with mis-ordering an artwork.

(c) **Repossession of Artwork**

Franchisor will be able to take back, free of charge, products whose rotation is unsatisfactory compared with the rotation observed in other Galleries of the network provided that they are in perfect condition and under the conditions set out in the online operating manual.

If the products have production defects, Franchisor will take them back from the Franchisee. If the Franchisee wishes to have Franchisor handle the transport of these works, it must wait for a period not exceeding one year.

(d) **Sale of Artwork**

Franchisee will sell the Franchisor works in consideration of the price stated by Franchisor.

Franchisor works are exclusively intended to be sold to consumers in the Galerie. As such, in order to ensure the most rational possible distribution of Products among the various Galleries under the brand name, Franchisor may ask the Franchisee to send certain items to another Galerie under the brand name or to return certain items to the warehouse according to the list that will be communicated to it. Franchisee must make these shipments under the best conditions no later than 48 hours following the date of receipt of the return order.

All transport costs, except those relating to Products delivered to customers' homes, will be borne by Franchisor. The selection of the means of transport and the carrier is the responsibility of Franchisor, which will inform Franchisee of this selection. However, the Franchisee must invoice customers for shipping costs according to the list of formats and geography provided by Franchisor. All invoiced shipping costs must be paid back to Franchisor, and this amount will be exclusive of commission. If Franchisee wishes to offer the Customer free shipping, this does not exempt Franchisee from paying the shipping costs. Franchisor may modify the price appearing on the list unilaterally and without notice.

Franchisee is prohibited from acquiring Franchisor/s works itself in the performance of this Agreement.

5. OPENING THE GALERIE AND CERTAIN MARKETING AND ADVERTISING REQUIREMENTS

(a) **Site; Lease; Opening**

(i) Franchisee is solely responsible for locating, securing, and evaluating the suitability of Galerie, if applicable, for the review and negotiations of the lease for the Galerie. The site must be approved by Franchisor and meet Franchisor's criteria for demographic characteristics; traffic patterns; parking; zoning; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. Franchisee must obtain any necessary planning permissions and consents and comply with the legal and contractual obligations inherent in any commercial activity, including those relating to

administrative authorizations and the lease pertaining to the place of operation of the Galerie.

- (ii) If Franchisee purchases the premises of the Galerie, Franchisee must submit a copy of the proposed contract of sale to Franchisor prior to its execution for Franchisor's written approval and shall furnish to Franchisor a copy of the executed contract of sale within ten (10) days after execution. If Franchisee will occupy the premises of the Galerie under a lease, Franchisee will submit the lease to Franchisor for written approval prior to its execution and shall furnish to Franchisor a copy of the executed lease within ten (10) days after execution. No lease for the Galerie shall be approved by Franchisor unless a lease rider, prepared by Franchisor and executed by Franchisor, Franchisee, and landlord, in substantially the form attached as **Schedule B**, attached to the lease and incorporated therein.
- (iii) The opening of the Galerie may be delayed only if such delay is caused by contingencies not within Franchisee's control, such as acts of God, governmental restrictions, strikes or labor disputes. Franchisee will use its best efforts to cure any such delay and any such delay in opening shall be for a period of days equal to number of days during which such event actually prevents completion. Franchisee must notify Franchisor of any such delays promptly. All construction work must be completed, and the Galerie must commence operating within 180 days after this Agreement is signed. You may not commence operating at the Galerie until Franchisor provides our written notice of approval and include in the Agreement. If Franchisee does not commence operating the Galerie within the time periods in this Section, Franchisor has the right to terminate this Agreement.

(b) **Reserved.**

(c) **First Inventory & regular refurbishment**

IRIS GALERIE provides the Franchisee with a stock of raw materials useful for producing small formats and is responsible for its regular replenishment.

In its capacity as the owner of the items offered for sale, Franchisor delegates the management of and responsibility for the stock to Franchisee for all items going into and coming out of the Galerie and Franchisee's storage site. Franchisee must conduct a monthly inventory of the products in its Galerie under its sole responsibility. The plan detailing the categories to be inventoried each month will be communicated at the beginning of the year by Franchisor. Similarly, a complete inventory of the stock of Franchisee's Galerie must be conducted each year between the last week of December and the first week of January. Franchisor reserves the right to conduct unannounced inspections and to freely use any specialized service provider of its choice at its own expense.

Franchisee undertakes to communicate to Franchisor, within seven days of the inventory, any noted discrepancies, and their justification.

If the inventory reveals a lack of products, they will be immediately invoiced to Franchisee, who will pay for them without delay.

In addition, Franchisee will send to Franchisor, no later than the 5th of the month following the month in question, an inventory of all IRIS GALERIE products in the Galerie.

Also, Iris Galerie provides a kit of 10 opening displays required to decorate the store. All added displays asked or needed due to the size of the premises need to be purchased by the Franchisee.

(d) **Exclusive purchase**

Franchisee agrees to buy exclusively products from the Franchisor. The prices presented are those effective on the date of signing (See **Schedule C**). Prices may change according to economic conditions and inflation, and Franchisor reserves the right to apply any necessary increases that should be deemed reasonable.

(e) **Products; Sourcing**

- (i) Franchisee must offer and sell required Products in compliance with the terms and conditions of this Agreement. Franchisee is required to purchase all Products, supplies, inventory, furniture, computer software and hardware, equipment, bags, customer counting solution, signage, and materials required for the operation of the Galerie from manufacturers, suppliers, and distributors Franchisor's approve, or from other suppliers who meet Franchisor's specifications and standards. Franchisee may not use any unapproved or alternative supplier. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contributions or other consideration to Franchisor, its affiliates, and/or any marketing or brand development fund Franchisor's maintain, whether now or in the future, and/or otherwise, and Franchisor's approval may be temporary, in each case in Franchisor's reasonable discretion.
- (ii) Franchisor has imposed these requirements to assure quality and uniformity of the Galerie and Products and related services provided to the customers of the Franchise System. Franchisor may, from time-to-time, withhold, condition and/or revoke its approval of particular items and/or suppliers in Franchisor's reasonable discretion. Approved or designated suppliers ("**Approved Supplier**") will be designated in the operating manual(s) or otherwise communicated to Franchisee in writing.
- (iii) Franchisor will provide Franchisee with Approved Suppliers or the minimum standards and specification for the products and services Franchisees needs to equip and operate the Galerie.
- (iv) Franchisor reserves the right to become an Approved Supplier or designate one or more affiliates as Approved Suppliers in the future.

- (v) Franchisor has the unlimited right to modify, substitute, change the types of required and/or Products that must and may be offered to customers as well as the approved or designated suppliers and Franchisee will have the obligation to adhere to any such changes. Franchisor may notify Franchisee of these changes in writing (e.g., by a bulletin or a supplement to the operating manual(s)). Franchisee is prohibited from offering or selling any products or services not authorized or approved by Franchisor. Franchisee must also add such equipment and make such alterations, at Franchisee's expense, as may be necessary to equip the Galerie for sale of the Products or any additional services Franchisor may require. Franchisee acknowledges and agrees that Franchisee may need to make an additional investment to do so.

(f) **Architectural Guidelines**

Franchisee agrees to fully comply with the layout prepared by Franchisor. Franchisee will provide a pdf/dwg plan as soon as possible after the validation of the premises and the signing of the lease. Franchisor will create the 3D layout plan for the setup of the Galerie. Franchisor will also provide a Concept Book for the execution of the work.

(g) **Required Computer & Equipment**

- (i) Franchisee must obtain and use the computer system we require as will be stated in the operating manual(s). In addition to the hardware, (ii) Franchisor may also require Franchisee to use designated software in connection with the computer system and at the Galerie (the "**Required Software**"), which will also be stated in the operating manual(s). Franchisee must periodically check the operating manual(s) for the most current computer system requirements. Franchisor may change the requirements at any time and Franchisee will be responsible for any costs and expenses associated with any such changes. Franchisee must have a functioning email address so that Franchisor can send Franchisee notices and otherwise communicate with Franchisee. The specific configuration of the computer and the software must comply with all laws and is the sole responsibility of the Franchisee. Also, Franchisee install the ShopperTrac or other Franchisor designated solution before opening the Galerie.
- (ii) Franchisor will have independent, unlimited access to the information generated by the computer system and the Required Software. The types of business information that will be collected will include, but is not limited to, orders, customer information, pricing, and sales information. Franchisor will have independent access to information and data in Franchisee's computer system, including independent access to your accounting system, and there are no contractual limitations on our right to access the information. Franchisor has no contractual obligation to upgrade or update any hardware or software.
- (iii) Franchisor may at any time require Franchisee to change, upgrade, or modify the type of computer hardware and software at Franchisee's

expense. There are no contractual limitations on the frequency and cost of this obligation. Franchisor is not responsible and will not reimburse Franchisee for any of these costs. Franchisor and its affiliates may condition any license of proprietary software to Franchisee or Franchisee's use of technology that Franchisor or its affiliates may require, develop, or maintain, on Franchisee's signing an agreement or similar document that Franchisor, its affiliates, or the vendor may require to regulate the use of the software.

(h) **Certain Marketing, Advertising, And Trademark Standards And Requirements**

- (i) Franchisee must publicize its opening at the start of its activity. Franchisee must conduct an initial advertising and marketing campaign for your Franchised Business ("**Initial Marketing Spend**"). Franchisee must expend not less than \$2,000 during the first twelve (12) weeks (four (4) weeks prior to opening the Galerie and eight (8) weeks after the opening of the Galerie) of operation in connection with the Initial Marketing Spend. Franchisee must use the marketing and public relations programs and the media and advertising materials that Franchisor's designate or approve. The Initial Marketing Spend must be conducted at the times Franchisor considers prudent. Franchisee must provide to Franchisor, within 30 days of Franchisor's request, copies of all receipts and other documents Franchisor reasonably request related to the Initial Marketing Spend.
- (ii) All advertising and promotion that Franchisee uses in connection with the Galerie must be approved by Franchisor and conform to the standards and requirements that Franchisor specifies. Franchisor may make available to Franchisee from time to time, at Franchisee's expense, certain promotional materials, including digital content, social media and other "profile" templates, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. Subject to applicable laws, Franchisee must participate in certain promotions and advertising programs that Franchisor establishes as important of the Franchise System, provided these activities do not contravene regulations and laws of appropriate governmental authorities.
- (iii) Franchisee may not advertise or use any of the Trademarks on the Internet except after obtaining Franchisor's consent. Any advertising on the Internet shall be pre-approved by Franchisor and on terms specified by Franchisor. Further, Franchisee may not use the Trademarks (or any marks or names confusingly similar to the Trademarks) as an Internet domain name, user, or account name, or in the content of any worldwide website, including any social media website (such as LinkedIn, Facebook, or Twitter). Franchisor currently maintains and controls the website <https://www.irisgalerie.com>. Franchisor may provide contact information for the Franchise System on Franchisor's website for so long as Franchisor determine. All the information on these or any other pages of Franchisor's website remains subject to Franchisor's control and approval.

- (iv) Franchisor reserves the right to create such a council in the future and to identify certain advertising markets that may benefit from the formation of an advertising cooperative in the future. Franchisor reserves the right to require Franchisee's participation in any advertising cooperative that Franchisor forms. If Franchisor establishes an advertising cooperative, Franchisor will create the governing documents that control the cooperative, which documents will be available for franchisees and prospective franchisees to review. Day-to-day administration of any cooperative will be managed by a board comprised of the members of the cooperative that Franchisor selects. The board will have the right to establish the amount of contributions required by each member of the cooperative, subject to Franchisor's consent. The fees Franchisee contributes to any such cooperative will be in addition to Franchisee's contributions of fees to the National Marketing Fund Fee and to the Initial Marketing Spend costs, but they will count towards the Local Advertising Requirement expenditures. Any outlets that Franchisor or its affiliates own that are part of a cooperative Franchisor establishes will participate in the management of the cooperative and will make contributions to the cooperative in the same manner as the franchisee-owned outlets that are members of that cooperative.
- (v) Franchisee must immediately notify Franchisor, in writing, if Franchisee becomes aware of any unauthorized use of the Trademarks or other proprietary information, and Franchisee must permit Franchisor to participate in any litigation involving Franchise and Trademarks. Franchisor will take the action Franchisor thinks appropriate. Franchisor will indemnify, defend, and hold Franchisee harmless in connection with any third-party claims that are brought against Franchisee that arise solely out of Franchisee's authorized use of any Trademarks in the manner Franchisor prescribes, provided Franchisee immediately notifies Franchisor of the proceeding (within 3 days) and Franchisee has complied with Franchisor's directions with regard to the proceeding. Franchisor has the right to control the defense and settlement of any proceeding. Franchisor will not reimburse Franchisee for Franchisee's expenses and legal fees for separate, independent legal counsel, unless Franchisor approves of Franchisee's use of such counsel in writing prior to Franchisee engaging counsel. Franchisor will not reimburse Franchisee for disputes where Franchisor challenges Franchisee's use of the Trademarks. Franchisor's indemnification obligation will only apply if Franchisee notifies Franchisor of the claim or proceeding in a timely manner and you are in full compliance with this Agreement and the operating manual(s).
- (vi) Except as expressly required above, Franchisor is not required under this Agreement to: (i) protect Franchisee's right to use the Trademarks or protect Franchisee against claims of infringement or unfair competition arising out of Franchisee's use of the Trademarks; or (ii) participate in Franchisee's defense or indemnify Franchisee for expenses or damages Franchisee incur if Franchisee is a party to an administrative or judicial proceeding involving the Trademarks or if the proceeding is resolved in a manner that is unfavorable to Franchisee.

- (vii) Franchisee must also promptly tell Franchisor when Franchisor learns about unauthorized use of Franchisor's proprietary information. Franchisor is not obligated to take any action to protect or defend copyrights, although Franchisor intends to do so if Franchisor decides it is necessary. Franchisor may control any action Franchisor chooses to bring, even if Franchisee voluntarily brings the matter to Franchisor's attention. Franchisor is not required to participate in Franchisee's defense and/or indemnify Franchisee for damages or expenses in a proceeding involving a copyright.

6. MANAGEMENT AND PERSONNEL

- (a) Franchisee acknowledges and agrees the importance of Franchisee's Principal Owner's participation in the management of the Galerie, and that this Principal Owners agreement to so participate in the management of the Galerie is a material inducement for Franchisor to enter into this Agreement. Therefore, the Principal Owner is required to use their best efforts and is personally responsible for the management of the Galerie on a day-to-day basis, unless Franchisor otherwise approves an alternate arrangement. Franchisee may hire a qualified manager that satisfy Franchisors criteria to operate the day-to-day affairs of the Galerie; however, the Principal Owner must remain actively involved in the operations and management of the Galerie and Franchisee's Principal Owner must carefully monitor and be responsible for the performance of anyone designated to manage the operation of the Galerie.
- (b) Franchisee acknowledges and agrees that Franchisee's employees are under Franchisee's control in implementing and maintaining the Franchise System. Franchisee has the sole responsibility and authority for terms and conditions of employment, including employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, and discipline, adjustments of grievances and complaints, and working conditions. Franchisee must communicate clearly with employees in all dealings that Franchisee is their employer and Franchisor is not their employer and does not engage any employer type activities (including those described above) for which only Franchisee is responsible. Franchisee is required to retain such additional individuals in order to operate the Galerie as specified in this Agreement. You are solely responsible for hiring, training, and supervising the personnel and must hire sufficient personnel to fully staff the Galerie and to operate the Approved Retail in accordance with System Standards.
- (c) All personnel must meet every requirement imposed by applicable federal, state, and local law. These individuals must also satisfy the applicable training requirements in this Agreement. Franchisor reserves the right to charge a reasonable standard fee and its reasonable expenses incurred in providing such training. If Franchisee is an entity, all of its owners must personally guarantee non-financial and financial obligations under this Agreement and agree to be bound personally by these contractual provisions in a form of agreement, substantially in the form set forth in **Schedule D** of this Agreement. All personnel who have received or will receive confidential information or training from Iris Galerie must execute a confidentiality substantially in the form set forth in **Schedule D-1** of this Agreement. Any approved agents that have access to any of the confidential

Information must sign a confidentiality agreement in a form approved by Franchisor.

- (d) If Franchisor and/or its third party designee manages the Galerie due to Franchisee's default or abandonment, then Franchisee must pay Franchisee then-current Management Fee. Currently, the Management Fee is \$500 per day plus related costs and expenses. This fee is due when invoiced and may be changed at any time without notice to Franchisee.

7. TRAINING OF FRANCHISEE

- (a) Franchisor shall furnish Franchisee and the management personnel, if any, proposed to be employed by Franchisee in the franchised business including at each Galerie with initial training of at least two (2) weeks of duration in respect of the management, administration, and operation of the Galerie. Franchisee must complete the initial training to Franchisor's satisfaction before Franchisee opens the Galerie. Franchisor has the right to waive, in Franchisor's sole discretion, any portions of the training program that Franchisor believe will not be necessary to you based on Franchisee's previous experience. The training shall be given at a location designated by Franchisor. Franchisor will pay no compensation for any services performed by trainees during such training and all expenses incurred by Franchisee or the trainees in connection with such training shall be for the account of Franchisee. Such initial training is intended to enable Franchisee or its management personnel thereafter to hire and train its assistant manager and other employees. Franchisor shall also furnish Franchisee with retail store opening assistance of 2 days in duration but only upon the opening of the first Galerie of Franchisee. The cost of such initial training for the Principal Owner and up to 3 other persons at the same time is included in the License Fee. Additional persons will be accommodated for such initial training or for subsequent equivalent training at Franchisee's request, or in the event that the initial trainees shall fail to satisfactorily complete such initial training and Franchisee is required to hire a manager or replacement manager to satisfactorily complete such initial training, and in the event of a change of management personnel for the franchised business. Any new manager that will manage the Galerie must at Franchisee's expense, complete the initial training at least two (2) days at a location that Franchisor requires. Franchisor reserves the right to charge a reasonable standard fee and its reasonable expenses and costs incurred in providing such additional training and assistance that Franchisor requires or Franchisee's requests. This fee due when invoiced. This fee is currently \$250 per day plus travel, lodging, and other expenses but this fee and related costs may be changed at any time without notice to the Franchisee.
- (b) Franchisee and each manager, if any, of the franchised business shall satisfactorily complete such training prior to the commencement of the franchised business, or in the case of a new manager, prior to or immediately upon and after taking charge. unless waived by Franchisor in its discretion by reason of such person's prior training and experience or by reason of Franchisee's ability to satisfactorily train its management personnel. Franchisee shall advise Franchisor of its proposed operational structure and personnel prior to the commencement of business, and Franchisor will determine and advise Franchisee as to which personnel will require training. Franchisor may require retraining of any personnel

at any time based upon performance. Franchisor may specify additional training which may be mandatory at any time due to system upgrades or changes. Franchisor may also conduct follow-up training seminars covering various topics from time to time. Franchisee acknowledges that Franchisor's training programs and materials are proprietary confidential information forming part of the Franchise System.

- (c) If additional assistance or training over and above that normally furnished by Franchisor is required or requested by Franchisee at any time, Franchisor and Franchisee shall discuss and reasonably agree upon what is required and Franchisor will furnish such additional assistance or training. Franchisor reserves the right to charge a reasonable standard fee and its reasonable expenses incurred in providing such additional assistance or training including but not limited to salaries, materials, transportation, and accommodation.

8. CONSULTATION

Franchisor agrees to consult with Franchisee from time to time as to market conditions, merchandising trends, and potential product line opportunities in the Territory. Franchisor will act reasonably and give due consideration to Franchisee's views on such matters; however, Franchisee acknowledges that Franchisor will have final discretion to determine matters related to the production and design of all Iris Galerie Products. Franchisee will report to Franchisor as reasonably required from time to time as to market conditions, merchandising trends, and potential product line opportunities in the Designated Territory.

9. OPERATIONS, MANAGEMENT OF THE GALERIE AND PROCEDURES

(a) Operating Manual(s)

- (i) During the term of this Agreement, Franchisor will grant Franchisee's access to its confidential operating(s) manuals for use at the Galerie. Each operating manual is confidential and remain Franchisor's property. Franchisee will operate the Galerie in strict compliance with those operational systems, procedures, policies, methods, and requirements found in each operating manual that are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments to such manual, which we may provide to Franchisee in writing, either in document or electronic form, all of which are a part of the operating manual(s).
- (ii) Franchisee must treat each operating manual, any other manuals or written materials provided by Franchisor or its affiliate for use in the operation of the Galerie, (in any format whatsoever, including but not limited to electronically, via the Internet, hard copy, etc.) and the information contained in them, as confidential, and Franchisee must use all reasonable efforts to maintain this information as secret and confidential. Franchisee must not copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. Each operating manual must be kept in a secure place at the Galerie. Franchisee must return all physical copies of each of the operating manuals to Franchisor, and Franchisee must permanently delete all

electronic copies of each of the operating manuals in its possession or control upon termination or expiration of this Agreement.

- (iii) Franchisor has the right to make additions to, deletions from, or revisions to each of the operating manuals, which Franchisee must comply with at Franchisee's own cost. Franchisee must ensure that each of the operating manuals is always kept current. If there is any dispute as to the contents of any operating manual, the terms of the master copies maintained by Franchisor, at our principal office, will be controlling.

(b) **Equipment and Technology Maintenance Fee**

1) *Photography Kit*

Franchisor makes the photography equipment available to the Franchisee. The Franchisee will use and maintain them in accordance with the rules provided during the training and set out in the training manual. Franchisor maintains ownership in all items of the Photography Kit. Franchisee may only use the components of the Photography Kit while this Agreement is in effect. Within two (2) months of the termination or expiration of this Agreement, Franchisor may at its sole discretion, after examining the condition each of the Photographing Kit items and subject to any deductions for any amounts that Franchisee may owe Franchisor or its affiliates, return a portion of the Deposit.

Franchisee will have to support the Technology Maintenance Fee in order to get access to the HelpDesk and support all technical issues during the term of the agreement. (Section 9(b) and Section 11(b) of this Agreement).

2) *Iris Software*

Franchisor provides the IRIS software. The software is key to the Iris Galerie expertise after the photo shoot. This software will be installed during the opening by Franchisor's technical teams. Additionally, the Franchisee accepts and must purchase a license of the software PHOTOSHOP. This software is essential for the smooth execution of the art creation and printing operations.

3) *Maintenance*

The Franchisee will have unlimited access to support services for the first three months following the opening of the Galerie ("**Initial Support Period**"). After the Initial Support Period, 5 hours per month of support will be provided. Any additional support hours will be charged at \$20 per hour. Additionally, all accidental damage or defective equipment due to Franchisor's fault that prevents the use of the camera will be addressed by the Franchisor, up to and including the replacement of the camera.

(d) **National Marketing Fund**

- (i) Franchisee must contribute National Marketing Fund Fee amount set forth in Section 11(c). Franchisor has complete discretion over how and when this fee is expended. The fees received from Franchisee are used, in Franchisor's discretion, to promote the Franchise System brand and may

be used to pay for, among other items, all costs associated with the creation, production, distribution, media placement and administration of local, state, regional or national advertising programs, website design, and maintenance, and for any taxes incurred on these funds. Additionally, at Franchisor's discretion, the fees may be used for: advertising on television, radio, direct marketing mailings, the newspaper, Internet and such other forms of advertising and public relations on a local, state, regional or national level as Franchisor deems appropriate in Franchisor's discretion; search engine optimization; public relations; social media marketing, advertising and accounts; sales CRM; marketing CRM; customized lists for email, direct mail and calling services; postcard and/or email campaigns; e-commerce sites; contests and giveaways, among other uses, as Franchisor deems appropriate in its sole discretion.

- (ii) Franchisor has the right to determine the type of advertising and the media in which it will appear, as Franchisor feels appropriate. Franchisor has the sole right to formulate and implement policies concerning every aspect of the advertising and franchise expansion program, consistent with applicable law. Franchisor will not be obligated, in administering the contributed fees or otherwise, to make expenditures for the Galerie which are: (i) equivalent or proportional to Franchisee's contribution; or (ii) spent in any particular area or territory, including in the Designated Territory. Franchisor does not spend any funds from the Fund on advertising that is principally a solicitation for the sale of franchises, except that Franchisor will use portions of the collected fees towards the costs of any website Franchisor may maintain, which website may contain information about Franchisor's franchising programs and Franchisor may include statements about the availability of information regarding the franchise opportunity and the purchase of Galerie in any advertising and/or other items produced, circulated and/or distributed.
- (iii) Franchisor will not have to spend the fees collected during any specific time period. Franchisor is permitted to perform any administrative functions relating to the fees itself, through its employees, representatives, agents, or affiliates, in which case Franchisor is permitted to compensate itself or its affiliate(s) from collected fees for the cost of performing those functions, including reasonable allocations of overhead and administrative expenses. Advertising may be handled by the outside advertising agency that Franchisor selects. Franchisor is permitted to establish a separate entity to receive payments and administer collected fees, in which case Franchisor may require Franchisee to submit the collected fees to that separate entity. Vendors and suppliers may, if Franchisor permits or requires, contribute to the national marketing fund.
- (iv) Franchisor will account for the collected fees separately from Franchisor's other accounts or assets and will maintain a separate bank account. Franchisor will maintain separate bookkeeping accounts for the collected fees, and Franchisor will provide an annual unaudited financial statement of the collected fees upon request. The collected fees will not be Franchisor's asset. The collected fees will also not be a trust. Franchisor will have a contractual obligation to hold all collected fees for the benefit of

the contributors and to use contributions only for their permitted purposes set forth in this Agreement. Franchisor will have no fiduciary obligation to Franchisee for administering the collected fees. Franchisor is not required to have the collected fees audited, but Franchisor may do so and use the collected fees to pay for such an audit. If and when Franchisor establishes affiliate-owned galleries in the United States, such galleries may, but are not required to contribute contributed to any national advertising fund.

- (v) If Franchisor does not use all of the funds collected in a particular fiscal year, the remaining amounts will be carried over to the next fiscal year and be included in that year's advertising budget. Franchisor may spend an amount that is greater or less than the collect fees in any given year, and Franchisor has the right to borrow funds from any lender, including from Franchisor and/or any related parties, to cover any expenditures or commitments. Franchisor intends for the fees collected to be of perpetual duration; however, Franchisor may terminate the fee requirements at any time. If terminated, any unspent collected fees will be used, in Franchisor's discretion, on marketing activities. Franchisor may also, at its discretion, distribute any unspent contributions to each of its franchisees in proportion to their respective contributions during the previous period Franchisor determines in its sole discretion. Franchisor will be entitled to reimbursement from the collected fees to cover our administrative and overhead expenses associated with administering the national marketing fund activities.

(e) **Point of sales Software**

IRIS GALERIE has developed a Point-of-Sale (POS) terminal that includes a software application device as specified by Franchisor from time to time at its sole discretion. This terminal makes the management of an IRIS GALERIE store much easier. The Franchisee undertakes to enter into a long-term lease for this POS, the software, and the devices.

(f) **Footfall monitoring**

IRIS GALERIE has partnered with a supplier to provide a footfall counting device and software.

(g) **Internet**

The franchisee agrees to install and maintain a high-speed internet access necessary for the daily operation of the Galerie.

(h) **Required Booking system**

Through the Iris Galerie website, we offer the implementation of appointment booking for our clients. This method is required to impact the organization of the Galerie, enhance the quality of service, and optimize revenue.

10. TITLE AND RISK OF LOSS

Title to and the risk of loss in any products ordered by one Party from the other Party shall pass at the time of delivery.

11. CERTAIN FEES AND PAYMENT REQUIREMENTS

For so long as this Agreement remains in effect, Franchisee shall pay Franchisor fees in the following amounts:

- (a) **Commission Fee:** The Commission Fee for each month shall be the greater of (i) 45% of Gross Sales of the actual price charged by the Franchisee and (ii) 45% of Gross Sales of the suggested retail price. The Commission Fee will begin once the Galerie begins operations. The Gross Sales amount is adjusted without the delivery costs. Delivery costs will be invoiced at 100% to Franchisee by Franchisor.
- (b) **Equipment and Technology Maintenance Fee:** \$600 per month. (including the Kit Photography & the Software Iris)
- (c) **National Marketing Fund Fee:** \$300 per month.
- (d) **Music Atmosphere Licensing Fee:** This is the then-current fee that Franchisor charges Franchisee for audio programming that Franchisor or its designated third-party supplier provides Franchisee for playing at the Galerie. This fee is currently \$40 per month but may be changed at any time without notice to Franchisee.
- (e) **Computer and Software System Fee:** This fee is paid beginning in the first month after Franchisee signs this Agreement. This is the then-current fee that Franchisor charges Franchisee for the right to use Photography Kit and related and specified software and computer system components at the Galerie. This fee is currently \$200 per month but may be changed at any time without notice to the Franchisee.
- (f) **The Commission Fee, Equipment and Technology Maintenance Fee, National Marketing Fee, Music Atmosphere Licensing Fee, Computer and Software System Fee** shall be paid within ten (10) days of the end of each month and will be paid to Franchisor by electronic transfer, pre-authorized payment, credit card authorization or bank draft. Franchisee will provide Franchisor with a monthly sales report showing the calculation of the monthly commission amount, in such form and containing such detail as Franchisor may reasonably require from time to time.
- (g) **Mystery Shopper Fee:** Franchisor may conduct inspections itself and/or through third-party mystery shoppers to evaluate the services received at the Galerie. If the results of the mystery shopper(s) indicate that Franchisee has failed to comply with Franchisor's standards and specifications, operating manual(s) and/or this Agreement, Franchisee must reimburse Franchisor for Franchisor's costs for the inspections and evaluations when invoiced.
- (h) **Compliance Fee:** Franchisee must pay Franchisor this fee upon demand when Franchisee does not comply with this Agreement, and Franchisor has to seek assistance to enforce any of the terms and conditions of this Agreement.

- (i) Unauthorized Product Fee: If Franchisee sells any products or provide any services at the Galerie that are not authorized or approved by Franchisor, then Franchisee shall have to pay upon demand \$250 for each occurrence.
- (j) Site Evaluation Fee: If Franchisor deems on-site evaluation necessary and appropriate, at Franchisor's sole discretion, or if Franchisee requests Franchisor, Franchisor may conduct an on-site evaluation(s). The fee for the on-site evaluation(s) will be \$500 per day per person and due upon demand, and Franchisee will also be responsible for Franchisor's travel-related expenses.
- (k) Franchisor will have the right to audit and inspect Franchisee's books and records and other financial information during normal business hours in order to verify the accuracy of the monthly Commission Fee on giving Franchisee not less than twenty-four (24) hours' prior written notice. If Franchisee's Gross Sales as reported to Franchisor should be found to be understated by more than two percent (2%) or if Franchisee shall have failed to report its Gross Sales to Franchisor as required, Franchisee shall (i) pay upon demand the costs Franchisor incurs for conducting the Galerie(including any fees paid to auditors and/or attorneys), and/or (ii) provide Franchisor with annual audited financial statements regarding the operation of at the Galerie. In addition, if Franchisee's Gross Sales as reported to Franchisor should be found to be understated by more than five percent (5%), or if Franchisee shall have failed to report its Gross Sales to Franchisor on two or more occasions, or if Franchisee's Gross Sales as reported to Franchisor should be found to be understated by more than three percent (3%) on two or more occasions, this shall constitute a default under and a material breach of this Agreement.
- (l) Franchisee's sales will be downloaded daily to Franchisor. Any fees, costs, and charges payable to Franchisor or its affiliates under this Agreement may be collected by Franchisor via Electronic Funds Transfer ("**EFT**") from the bank account Franchisee is required to designate solely for use in connection with the Galerie ("**EFT Account**"). Franchisee must provide Franchisor with the details of Franchisee's EFT Account prior to opening and execute all documents necessary, including our then-current EFT Withdrawal Authorization form that is attached as **Schedule E** to Franchisor's current form of Franchise Agreement to authorize Franchisor to make withdrawals from this account throughout the term of this Agreement. Franchisee must provide Franchisor with advance written notice of any change to the information related to the EFT Account. Franchisor reserves the right to change the interval (e.g., from monthly to weekly) at which Franchisor collects any recurring fees payable to Franchisor or its affiliates under this Agreement upon written notice to Franchisee.
- (m) Except as otherwise provided in this Agreement, all fees and charges will be fully earned when paid to Franchisor, must be paid in one lump-sum amount, and are not refundable under any circumstances. Notwithstanding anything in this Agreement to the contrary, Franchisee is responsible for paying Franchisor for any taxes that are levied or assessed on the fees that Franchisee pays to Franchisor or its affiliates.

12. QUARTERLY REPORTING

Franchisee shall provide to Franchisor on a quarterly basis, on or before the twentieth (20th) day of each month following each calendar quarter, an income and expense statement and a balance sheet in such form and detail as shall from time to time be reasonably required by Franchisor in respect of the franchised business during the preceding calendar quarter, which shall be certified as accurate by Franchisee.

13. ANNUAL REPORTING

Franchisee shall also provide to Franchisor on an annual basis, within ninety (90) days following the end of each fiscal year of Franchisee, a balance sheet and a profit and loss statement for the franchised business for the preceding fiscal year, prepared by a reputable and knowledgeable accountant in accordance with generally accepted accounting principles applied on a consistent basis from year to year.

14. LATE PAYMENT AND INTEREST

All overdue amounts of Franchisee shall be charged a late fee of 15% of the amount due to Franchisor or its affiliates. All late payments are due upon demand. Franchisee shall be responsible for paying interest on all overdue amounts owed to Franchisor or its affiliates. The interest will be the maximum legal interest rate chargeable under law and will begin to accrue on the due date of any payment that has not been timely received or is not paid in full.

15. LICENSE AND USE OF MARKS

- (a) Subject to any termination or non-renewal of this Agreement, Franchisor grants to Franchisee for so long as this Agreement remains in effect a non-exclusive right and license to use and display the Trademarks in and only in the manner contemplated by this Agreement in connection with the merchandising, marketing, advertising, distribution and sale of Iris Galerie Products in the Designated Territory, subject to such other grants of Franchises or Licenses to Third Parties in the Designated Territory as are made in accordance with and as contemplated by this Agreement.
- (b) Except as provided for in this Agreement, Franchisee shall have no right to use or display the Trademarks or to grant any rights to use the Trademarks to any third party without the prior written agreement of Franchisor.
- (c) Franchisee will acknowledge by public notice at each Galerie that its use and display of the Trademarks is a licensed use and that the owner of the Trademarks is Franchisor. Franchisee acknowledges that Franchisor has the right to exercise direct or indirect control of the character and quality of the Products, and of the retail services which Franchisee offers in association with the Trademarks at the Galerie.
- (d) Franchisee shall use the Trademarks only in their exact form and only in such media and as otherwise prescribed or approved by Franchisor from time to time.

- (e) Franchisee may not advertise or use in advertising or other form of promotion, the Trademarks without the appropriate copyright, trademark, and service mark symbols (“©”, “®”, “TM” or “SM”) as Franchisor direct. Franchisee is not permitted to use the Trademarks in any manner that we have not expressly approved in writing. Franchisee may not use the Trademarks (including on any signage) in connection with any political campaign or promotion of a political party or political cause, or for organizations and programs that we have not directly approved.

16. OTHER OBLIGATIONS

- (a) Franchisee will exercise its reasonable best efforts to advertise and promote the sale and distribution of Iris Galerie Products throughout the Designated Territory.
- (b) Franchisee further agrees:
 - (i) to ensure that Iris Galerie Products are distributed and Products are sold and the Galerie is operated in compliance with applicable local laws;
 - (ii) to be responsible for any and all taxes, assessments, duties, and other expenses related to operating the Galerie, including without limitation, importing, distributing, marketing, and selling Products;
 - (iii) to take all steps that are reasonably necessary to prevent Products from being distributed outside of the Designated Territory by or through the actions of Franchisee;
 - (iv) to maintain the cleanliness, condition, and appearance of each Galerie;
 - (v) to maintain an adequate inventory of Products and sufficient staff to satisfy and properly service customer demand;
 - (vi) to refrain from conducting any business other than the franchised business at the Galerie;
 - (vii) during the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither Franchisee nor any of its managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, Franchisor’s right, title, ownership, or interest in the Trademarks, trade secrets, methods, procedures, and advertising techniques that are part of the Franchise System, or contest Franchisor’s sole right to register, use, or license others to use, the Trademarks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the term “Iris Galerie” or any similar phrase;
 - (viii) to clearly indicate its own name to the public and to all third parties with whom it deals in the operation of the franchised business, in order to clearly indicate that Franchisee is the independent owner and operator of its business;

- (ix) that Franchisee may not use all or any portion of the Trademarks as part of Franchisee's company name and, without Franchisor's prior written consent, as part of Franchisee's trade name or "d/b/a. Franchisee may not modify the Trademarks with words, designs, or symbols, except those that Franchisor licenses to Franchisee. Franchisee may not use the Trademarks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Franchisor;
- (x) to refrain from using the names "**Iris Galerie**" or any confusingly similar name as part of any uniform resource locator, Internet domain name, electronic mail address, website name or search engine metatag of Franchisee without the prior written approval of Franchisor;
- (xi) to refrain from using the Trademarks in association with any business other than the franchised business and all goodwill accruing to all uses of the Trademarks shall accrue to Franchisor as the owner thereof;
- (xii) to refrain from acting or assisting any other party in acting in derogation of the Trademarks or so as to depreciate the value of the goodwill therein;
- (xiii) to refrain from contesting or assisting any other party in contesting Franchisor's control over the Internet domain name of "**Iris Galerie**" and the uniform resource locator and Internet website connected to it, and Franchisee acknowledges that offering a uniform image and format and uniform procedures and Franchise Systems, including on the Internet, is an essential part of the Franchise System;
- (xiv) except with the Franchisor's prior consent, to refrain from registering its own Internet domain name or uniform resource locator for the franchised business or otherwise conducting its own separate Internet marketing or electronic commerce, and Franchisee shall only establish its Internet website for the franchised business so that it can be accessed only by first going through one of Franchisor's Internet websites;
- (xv) to refrain from using or continuing to use any design or contents of any Internet website associated with the franchised business which is not first approved by Franchisor, and Franchisee agrees to remove or cause the removal forthwith of all designs or contents disapproved by Franchisor;
- (xvi) to refrain from any use, such as by linking or framing, of any Internet website associated with the franchised business, with any other Internet website or business or in association with any other trademark not owned or controlled by Franchisor;
- (xvii) to refrain from any use on its Internet website of any advertising or other materials of or coming from a third party without the prior written approval of Franchisor;
- (xviii) to use Franchisor's required forms and privacy statements and adhere to Franchisor's policies in the franchised business regarding collection and use of data from time to time, in order to obtain all required permission from

all required parties regarding such collection and use of information in accordance with applicable law;

- (xix) to sell only Products at the Galerie, except as may otherwise be authorized in writing by Franchisor from time to time, and Franchisee agrees to use its commercially reasonable efforts to cause the Gross Sales at each Galerie to consist of at least ninety percent (90%) Iris Galerie Products;
- (xx) to purchase only from Franchisor or its designated or approved suppliers, and to use in but only in the franchised business all those items of packaging such as bags and boxes, decals, and such other forms, materials and supplies which are labelled or imprinted with the Trademarks, and Franchisor warrants that it does not and will not profit unfairly from Franchisee's use of such items through the receipt of hidden rebates, discounts or other allowances from such designated or approved suppliers;
- (xxi) Franchisee will consider spending at least 1% of Gross Sales each month for local advertising and promotion at the Galerie (the "**Local Advertising Requirement**"). Franchisor must have proof of Franchisee's expenditures if Franchisor requests to review your books and records. Franchisee must submit all Franchisee's own advertising and sale promotion materials to Franchisor or its designated advertising agency for approval before use. If you have not received written approval from Franchisor within 14 days of Franchisee's submission, then the materials will be deemed disapproved. Franchisor is responsible to ensure that all advertising and promotion materials used by Franchisee, whether created or consented to by us, comply with applicable laws. If approved, Franchisee may use the proposed materials for a period of 90 days, unless Franchisor: (i) prescribes a different time period for use; or (ii) require Franchisee to discontinue using the previously approved materials in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, including materials Franchisor previously approved, at any time. Except as otherwise required in this Agreement, Franchisor is not required to spend any amount on advertising in the Designated Territory;
- (xxii) to permit Franchisor at any reasonable time to have such access as may be required to inspect, review, verify, test, and take samples of Franchisee's products and supplies and its operation of the franchised business in order to determine Franchisee's compliance with this Agreement, and Franchisee shall cooperate with Franchisor for such purposes; and
- (xxiii) to comply with all specifications, standards, operating procedures, policies, methods and systems prescribed by Franchisor from time to time as being essential in order to maintain the standardization, uniformity and integrity of the Franchise System, any or all of which may be set forth in a confidential operating manual belonging to Franchisor and provided on loan to Franchisee or otherwise communicated to Franchisee in writing and amended from time to time, and all of which shall constitute provisions of this Agreement as if they were fully set forth herein.

- (c) Franchisor shall at all times take such steps as may reasonably be required to preserve its rights in the Trademarks and to prohibit the use or display of the Trademarks by any unauthorized third party.

17. SUBSTANDARD SUPPLIES

In order to maintain quality, standardization, uniformity and consistency among all Iris Galerie retail stores, Franchisor reserves the right to require Franchisee to remove from use at the Galerie any items of equipment, supplies or products that do not conform to Franchisor's specifications and quality control standards upon ten (10) days' written notice to that effect.

18. PRICING

Although Franchisee can set its own prices and rates for the Products, Iris Galerie reserves the right to specify minimum and maximum advertising prices. Franchisee will comply with the transport price list provided by Franchisor in **Schedule F** or as otherwise determined and modified by Franchisor from time to time. Franchisee understands that they will not be able to modify the list of product prices, delivery costs, or apply promotions. Franchisee also understands that the price list will be subject to evaluation each year based on inflation, delivery costs, and production costs of the artworks and other Products. The brand will provide specific communications regarding updates to the pricing grid. The Franchisee further understands that the price list must maintain national consistency throughout the territory of the United States.

19. COMMUNICATION, PROMOTIONAL PROGRAMS, ANNUAL CONVENTIONS

(a) Global Communication & Publicity

Franchisor oversees the network's communications in order to maintain an image of uniform quality.

Franchisor will be able to produce regional or even national advertisements on various media. Where appropriate, Franchisor will ensure that these advertisements are produced under its sole responsibility and on its sole initiative.

(b) Website, social media & SEO

Subject to Franchisor's right to consent, Franchisor may be permitted to create a social media account from which to advertise the Galerie on the Internet. Any such permission shall only be for such time as Franchisor permits and shall be on the terms and conditions Franchisor specifies from time to time in any of the operating manuals or otherwise in writing, which may restrict the content that Franchisee is permitted to post to the social media outlet. Franchisor has the right to establish and implement social media guidelines and policies at any time, and Franchisor has the right to discontinue, modify and supplement any social media guidelines and policies as Franchisor determines in its sole discretion. Franchisor must comply with any and all established social media guidelines and policies and Franchisee is responsible for ensuring that its managers and employees comply with the guidelines and procedures. Franchisor has the right to require a modification of or cease granting Franchisee permission to develop, operate or

maintain any such social media outlet or other Internet presence at any time and to require Franchisee to give Franchisor administrative control and/or login information for any such social media site Franchisee operates for the promotion of the Galerie. Except as otherwise provided in any of the operating manuals or otherwise in writing, Franchisee may not maintain a presence on the Internet for the Galerie. Any advertising delivered by electronic mail or other electronic means must be pre-approved by Franchisor and on terms specified by Franchisor.

(c) **Annual Convention**

Franchisor may organize and/or host annual conventions from time to time during the term of this Agreement. If Franchisor hosts and/or organizes an annual convention, then the Franchisee's Principal Owner must attend, and Franchisee will be responsible for reasonable fees and all expenses.

20. INSURANCE

- (a) Franchisee agrees to procure and maintain during the term of this Agreement insurance against the insurable risks and for not less than the amounts of coverage which may be specified by Franchisor from time to time, and in particular, Franchisee agrees to procure and maintain the following insurance coverage:
- (i) commercial general liability insurance protecting against any and all claims for personal, bodily and/or property injury occurring in or about the Galerie and protecting against assumed or contractual liability under this Agreement with respect to the Galerie and Franchisee's operations, with minimum limits of \$1,000,000 combined single limit per occurrence and \$2,000,000 general aggregate per location (at Franchisor's election, such minimum limits may be increased);
 - (ii) statutory workers' compensation insurance and employers' liability insurance for a minimum limit equal to at least \$500,000 per accident, per disease per employee, and disease policy limit, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Galerie is situated;
 - (iii) commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages (commercial general liability, comprehensive automobile liability, employers' liability) to not less than \$1,000,000; and
 - (iv) property insurance providing coverage for direct physical loss or damage to real and personal property for all-risk perils, including the perils of flood and earthquake. The policy or policies must value property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance shall not be less than the full replacement value of the Galerie, its furniture, fixtures, equipment, and stock (real and personal property). Any deductibles contained in this policy are subject to our review and approval.

- (b) Each policy must be written by an insurance company or companies reasonably satisfactory to Franchisor, having a current Best's rating of at least "A+." All liability and property damage policies must name Franchisor as additional insureds and must provide that each policy cannot be cancelled unless Franchisor is given thirty days' prior written notice. Franchisor has the right to periodically make changes to minimum policy limits and endorsements. Franchisee must deliver to us (and in the future maintain on file with us) valid and current certificates of insurance showing that all required insurance is in full force and effect. The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history.
- (c) Nothing contained herein shall be construed as a representation or warranty by Franchisor that such insurance as may be specified by Franchisor from time to time will insure Franchisee against all insurable risks or amounts of loss which may or can arise out of or in connection with the operation of the franchised business.
- (d) Maintenance of any such insurance and compliance by Franchisee with its obligations under this paragraph shall not relieve Franchisee of its liability under the indemnity provisions of this Agreement.

21. SYSTEM CHANGES

Franchisor shall have the right to make changes, modifications, additions, or deletions to the Franchise System as described herein from time to time by reasonable notice in writing to Franchisee. Franchisee acknowledges that some of such changes are material and may involve required expenditures due to the addition or substitution of new products, services, inventory, supplies, computer systems and/or components, equipment or technology, or an alteration of specifications or standards. Upon receipt of notice, Franchisee agrees to comply with and carry out all such changes, modifications, additions and deletions, and to undertake and satisfactorily complete any additional training requirements, at its own expense, promptly as required and within the time specified by such notice, as if they were a part of the Franchise System at the time of execution of this Agreement.

22. RECTIFICATION OF DEFAULTS

Franchisee shall promptly rectify all defaults or failures to perform any of its obligations under this Agreement upon receipt of written notice from Franchisor specifying the default or failure and the requirements to cure such default or failure.

23. CONFIDENTIALITY AND CERTAIN INTELLECTUAL PROPERTY RIGHTS

- (a) Franchisee acknowledges and agree that the Franchise System and the methods of operation licensed by Franchisor for the operation of a Galerie, are proprietary, confidential trade secrets belonging to Franchisor and/or its affiliates, and Franchisee agree to maintain the confidentiality of all materials and information lent or otherwise furnished to Franchisee by Franchisor at all times, including after the termination or expiration of this Agreement, for any reason. Further, Franchisee will not, during the term of the Agreement (other than to the extent necessary to operate the Galerie) or after its expiration or termination, for any reason, communicate or divulge to any others, any information or knowledge

concerning the Franchise System and any trade secrets except those in the public domain. Franchisee must not use any of Franchisor's confidential information in an unauthorized manner and to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of this Agreement. Franchisor may regulate the form of confidentiality agreement that Franchisee uses with your employees or agents, and Franchisor must be a third-party beneficiary of those agreements, with independent enforcement rights.

- (b) All ideas, concepts, techniques, or materials concerning a Galerie, whether or not protectable intellectual property and whether created by or for Franchisee or Franchisee's owners or employees and agents, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of the Franchise System, and works made-for-hire for Franchisor. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee must assign ownership of that item and all related rights to that item to Franchisor and must take whatever action (including signing assignment or other documents) Franchisor request to show Franchisor's ownership or help Franchisor obtain intellectual property rights in the item.

24. ASSIGNMENT

- (a) Franchisor and its affiliates may assign or transfer any interest in itself or this Agreement without restrictions, which assignment or transfer may include without limitation Franchisor and its affiliates may sell itself and themselves, its or their assets, the proprietary marks (including the Trademarks) and/or its or their system (including the System) to a third party; may go public; may engage in a private placement of some or all of its or their securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments, and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Trademarks, other proprietary marks (or any derivation of those marks), the System, other systems and/or the loss of association with or identification as a franchisee under this Agreement. If Franchisor assigns its rights in this Agreement, nothing in this Agreement will be deemed to require Franchisor to remain in any of its current businesses.
- (b) Franchisee may not assign or transfer its interest in this Agreement, Franchisee, or in the Galerie in any manner directly or indirectly in whole or in part to any third party without the prior written consent of Franchisor.
- (c) Franchisor's consent to any assignment shall not constitute a waiver of any claim against Franchisee. Franchisor's consent to any assignment shall be conditioned upon the following:
 - (i) the assignee shall reasonably meet Franchisor's then-current criteria for the selection and approval of franchisees;

- (ii) the assignee and the management personnel proposed to be employed by the assignee for the franchised business shall satisfactorily complete Franchisor's initial training program;
 - (iii) the assignee shall assume and agree in writing to be bound by and perform all of the covenants and obligations of Franchisee under this Agreement;
 - (iv) all obligations of Franchisee under this Agreement shall be brought up to date and into full compliance;
 - (v) Franchisee shall deliver to Franchisor a complete release of all claims against Franchisor and its officers in respect of all matters arising under or pursuant to this Agreement;
 - (vi) Franchisee acknowledges that Franchisor will provide assistance and other services, including training, and will incur expenses in connection with any assignment or proposed assignment, and thus Franchisee shall reimburse Franchisor for its reasonable actual expenses incurred in connection with the assignment or proposed assignment, including the expenses of one of Franchisor's personnel attending at the Designated Territory for an inspection if required in Franchisor's reasonable opinion, and in connection with the assignment shall pay to Franchisor prior to the consummation of the assignment a nonrefundable Transfer Fee in the amount of \$20,000.
- (d) Right of First Refusal
- (i) Prior to granting consent to any proposed assignment, Franchisor shall have a right of first refusal to purchase the franchised business from Franchisee. Franchisee shall notify Franchisor of its desire to sell, assign or transfer the franchised business by written notice setting forth the proposed terms and conditions for such sale, assignment, or transfer. Franchisor shall then notify Franchisee in writing within thirty (30) days after receipt of such notice as to whether or not Franchisor wishes to exercise its right of first refusal on such terms and conditions.
 - (ii) If Franchisor determines not to exercise its right of first refusal at that time, then Franchisor may assist Franchisee to find a suitable buyer from among those prospective franchisees with whom Franchisor has been in contact. If within the said thirty (30) day period Franchisor has not been able to assist Franchisee, then Franchisee may commence its efforts to sell the franchised business; provided, however, that Franchisee shall submit all proposed advertisements for the sale of the franchised business to Franchisor for its reasonable prior written approval as to form.
 - (iii) Once Franchisee receives a bona fide offer to purchase from a third party, Franchisee shall deliver written notice to Franchisor setting forth all of the terms and conditions of the proposed sale and all available information concerning the proposed assignee, as well as a statutory declaration of Franchisee or an officer thereof attaching a true and complete copy of the offer. Franchisor shall have the right to communicate directly with the offeror upon Franchisee's acceptance of the offer conditional upon

Franchisor's prior right of first refusal. Within thirty (30) days after Franchisor's receipt of such notice and information, Franchisor shall notify Franchisee in writing as to whether or not it will exercise its right of first refusal on the same terms and conditions excluding any agent or broker fees that would be payable by Franchisee, or if not, whether or not it consents or does not consent to the proposed sale and assignment of this Agreement to the proposed assignee, together with any reasonable conditions of Franchisor's consent, or the reasons for Franchisor's non-consent. Franchisor's consent, if any, will be conditioned upon the same factors as set forth above in respect of any proposed assignment.

- (e) A transfer, re-acquisition, cancellation, alteration or issuance of ownership interest, or any other transaction or series of transactions involving the same which alone or together would affect twenty-five percent (25%) or more of or would result in a change in control of the majority of the voting or equity interests in Franchisee directly or indirectly shall constitute an assignment for the purposes of this Agreement. In the event that any transaction such as the above shall occur but shall not constitute an assignment, or in the event of any change in the managers, directors, officers, or owners of Franchisee, or in the voting or equity interests in Franchisee, Franchisee shall notify Franchisor in writing of the details of such transaction within five (5) days of its occurrence.
- (f) Franchisee shall not have the right to pledge, encumber, charge, hypothecate or otherwise give any third party a security interest in this Agreement without the prior written consent of Franchisor.
- (g) If Franchisee or any owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify Franchisor of the circumstances, and apply to Franchisor in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section, as applicable; however, we will not impose a transfer fee for such a transfer if Franchisee reimburses Franchisor for the out-of-pocket costs that Franchisor incurs in connection with reviewing, approving, and documenting Franchisee's proposed transaction, including Franchisor's attorneys' fees.

In addition, if the deceased or incapacitated person is the Principal Owner, Franchisor will have the right (but not the obligation) to take over operation of the Galerie until the transfer is completed and to charge a reasonable management fee for Franchisor's services. For purposes of this section, "incapacity means any physical or mental infirmity that will prevent the person from performing their obligations under this Agreement: (a) for a period of thirty (30) or more consecutive days; or (b) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.3, the executor may transfer the decedent's interest to another successor that Franchisor has approved, subject to all of the terms and conditions for transfers contained in this Agreement.

If an interest is not disposed of under this Section within six (6) months after the date of death or appointment of a personal representative or trustee, then we may terminate this Agreement.

25. TERMINATION

(a) Termination after Notice of Default

Franchisor may terminate this Agreement for good cause, namely for material breach after written notice of default setting forth Franchisor's intent to terminate, the reasons for such termination, and the effective date thereof, as follows:

- (i) if Franchisee fails to comply with Franchisor's specifications and quality standards for products, services, inventory, supplies, signs, equipment and procedures as called for in this Agreement and such default shall not be wholly rectified within a period of fourteen (14) days after written notice, specifying such default and such time period for curing such default, shall be given by Franchisor to Franchisee;
- (ii) if Franchisee operates the franchised business in a dishonest, illegal, unsafe, unsanitary or unethical manner, or engages in any conduct related to the franchised business which in Franchisor's reasonable opinion materially and adversely affects or may affect the reputation, identification and image of the Franchise System or the Trademarks, for a period of ten (10) days after written notice, specifying such default and such time period for curing such default, shall be given by Franchisor to Franchisee;
- (iii) if Franchisee fails to pay any amount due and owing to Franchisor pursuant to the terms of this Agreement for a period of five (5) days after written notice, specifying such default and such time period for curing such default, shall be given by Franchisor to Franchisee; or
- (iv) if Franchisee fails to comply with any other covenant or obligation under this Agreement for a period of thirty (30) days after written notice, specifying such default and such time period for curing such default, shall be given by Franchisor to Franchisee; provided that in extenuating circumstances Franchisor may by written notice to Franchisee allow such additional period of time as Franchisor determines for curing any such default.

(b) Termination without prior Notice of Default

The following events shall be deemed material breaches of this Agreement and shall be grounds for termination of this Agreement by Franchisor for good cause and without prior notice of default. Such material breaches shall, by their nature, be deemed non-curable. Any notice of termination given by Franchisor to Franchisee upon or after the happening of any of such events shall be in writing and shall set forth Franchisor's reasons for such termination and the effective date thereof. The events of non-curable material breach of this Agreement are as follows:

- (i) if Franchisee shall abandon the franchised business by failing to keep the franchised business operating under the name Iris Galerie for ten (10) consecutive business days or more, or for an aggregate of ten (10) business days or more in any thirty (30) day period, without the prior written consent of Franchisor;
- (ii) if Franchisee shall become bankrupt, or be in receivership for a period exceeding ten (10) business days, or shall be dissolved, liquidated or wound-up, or if Franchisee shall make a general assignment for the benefit of its creditors or a composition, arrangement or proposal involving its creditors, or otherwise acknowledge its insolvency, and the insolvency or other action is not cured within such ten (10) business days;
- (iii) if Franchisee, or any partner, manager, director or officer shall be convicted of any indictable criminal offence, or any crime involving moral turpitude. or shall be found liable for or guilty of fraud, fraudulent conversion, embezzlement, or any comparable action in any civil or criminal action or proceeding pertaining or relevant in Franchisor's opinion to the franchised business;
- (iv) if Franchisee shall be convicted of misleading advertising or any other sales-related statutory offence pertaining to the franchised business, or shall be enjoined from or ordered to cease operating the franchised business or any material part thereof by reason of dishonest, illegal, unsafe, unsanitary, or unethical conduct;
- (v) if Franchisee shall have its business license or any other license, permit or registration pertaining to the franchised business suspended for just cause or cancelled and not reinstated or re-issued within ten (10) business days;
- (vi) if Franchisee shall attempt to pledge, encumber, charge, hypothecate or otherwise give any third party a security interest in, or assign this Agreement without the prior written consent of Franchisor, or if an assignment of this Agreement shall occur by operation of law or judicial process without such consent;
- (vii) if Franchisee shall attempt to assign, transfer, or convey the Iris Galerie or related Trademarks, trade name, Internet domain name, uniform resource locator, copyrights, custom proprietary computer software, confidential information, or trade secrets, or if Franchisee shall duplicate, publish, disclose, use, or misuse any of the same in a manner or at or from a location not authorized by Franchisor;
- (viii) if Franchisee shall intentionally falsify, misrepresent, or misstate to Franchisor any financial statements, reports or information required pursuant to this Agreement: or
- (ix) if Franchisee shall unilaterally repudiate this Agreement or the performance or observance of any of the terms and conditions of this Agreement by word or conduct evidencing Franchisee's intention to no longer comply with or be bound by the same.

26. EFFECT OF TERMINATION

- (a) Upon termination of this Agreement, all rights granted by one Party to the other Party shall automatically revert back to the granting Party. No termination shall deprive either Party of any of its remedies or relieve either Party from making payments or meeting any other obligation to the other Party which may have accrued prior to the effective date of such termination.
- (b) Telephone Numbers and Listings, Internet Domain Names, Electronic Mail Addresses and Metatags:
- (i) upon expiration or termination of this Agreement for whatever reason, Franchisor shall have the right to require that Franchisee forthwith upon written notice cease use of all of the existing telephone numbers (including the fax numbers) of the Galerie, Internet domain names, uniform resource locators, electronic mail addresses and search engine metatags for the franchised business. Franchisor shall have the further right to arrange for call and message forwarding and to take over and have assigned to it or its designee the existing telephone numbers and directory listings, Internet domain names, uniform resource locators, electronic mail addresses and search engine metatags for the franchised business.
- (ii) the Telephone Company and any Internet domain name granting authority, Internet service provider and web search engine shall be entitled to treat this Agreement or a notarized copy thereof as executed by Franchisee as good and sufficient authority for such call and message forwarding, assignment and transfer, and as evidence of Franchisee's irrevocable consent thereto, and the provisions of this paragraph shall in such instance be deemed to constitute an absolute and irrevocable assignment by Franchisee of all of its rights and interests in such telephone numbers and directory listings, Internet domain names, uniform resource locators, electronic mail addresses and search engine metatags to Franchisor or its designee; and Franchisee hereby irrevocably nominates, constitutes and appoints the person serving from time to time as the Secretary of Franchisor to be its attorney-in-fact to execute in Franchisee's name and on its behalf a surrender of such telephone numbers and directory listings, Internet domain names, uniform resource locators, electronic mail addresses and search engine metatags to the Telephone Company or any Internet domain name granting authority, Internet service provider or web search engine, or an assignment of the said telephone numbers and directory listings, Internet domain names, uniform resource locators, electronic mail addresses and search engine metatags to Franchisor or its designee as the successor to Franchisee in the event of such expiration or termination, and to execute all such other documents and instruments and to carry out all such acts and deeds as may be reasonably required in order to perfect such surrender or assignment as the case may be. and Franchisee hereby allows, ratifies, and confirms all actions taken in pursuance of the authority herein conferred upon the Secretary of Franchisor by the granting of this power of attorney. In accordance with the Power of Attorney legislation applicable hereto, Franchisee hereby declares that the power of attorney herein shall continue unrevoked and

may be exercised during any subsequent legal incapacity on the grantor's part. Where Franchisee is a corporation, it hereby waives any provisions of the Power of Attorney legislation requiring the common seal of the corporation to be actually affixed hereto in order for the power of attorney granted herein to be valid. This Agreement shall be treated for all purposes as if the common seal of the corporate Franchisee has been affixed hereto under the hands and in the presence of its duly authorized officers. This Agreement, including the powers of attorney granted herein, is intended to take effect as a sealed instrument of Franchisee. The Telephone Company and any Internet domain name granting authority, Internet service provider and web search engine may accept this Agreement or a notarized copy thereof as executed by Franchisee as evidence of such power of attorney.

- (iii) Franchisor shall also be entitled to require at any time during the term of this Agreement that Franchisee execute and deliver to Franchisor the appropriate Telephone Company, Internet domain name granting authority, Internet service provider or web search engine form of assignment of such telephone numbers and directory listings, Internet domain names, uniform resource locators, electronic mail addresses and search engine metatags to Franchisor, which Franchisor shall be entitled to treat as irrevocable, and to hold and to use to effect such assignment with the Telephone Company, Internet domain name granting authority, Internet service provider or web search engine upon expiration or termination of this Agreement.
- (c) Upon expiration or termination of this Agreement for whatever reason, Franchisee shall forthwith discontinue use of the Iris Galerie and related Trademarks, trade name, Internet domain names, uniform resource locators, electronic mail addresses, search engine metatags, copyrights, custom computer software, operating manuals, training materials, advertising, marketing, promotional and merchandising methods and materials, and all other confidential information and trade secrets, and shall not thereafter or after assignment of this Agreement operate or do business under any name or in any manner that might tend to give the general public the impression that it is, either directly or indirectly, associated, licensed by or related to Franchisor or the Franchise System; or in any manner refer to itself as having been a former franchisee of the Franchise System without the prior written consent of Franchisor; or, either directly or indirectly, use any trademark, name, Internet domain name, uniform resource locator, electronic mail address, search engine metatag, logo, slogan, copyright, custom computer software, trade secret, confidential information, advertising, design (including any Internet website design), graphic, script, color combination, distinguishing feature or other element which is confusingly similar to or colorable imitative of those used by the Franchise System. Franchisee acknowledges the proprietary rights as set out in this Agreement and agrees upon expiration or termination of this Agreement for whatever reason to forthwith return to Franchisor all copies in its possession of the operating manuals, training materials and all other confidential and proprietary information and materials and custom computer programs relating to the Franchise System or bearing or containing the Iris Galerie or related Trademarks. Franchisee also agrees upon expiration or termination of this Agreement to forthwith de-identify the Galerie premises including removal therefrom of all signs or other references to the Iris Galerie or related Trademarks, and all colors and color combinations and any other distinctive elements of the Franchise System as

specified by Franchisor to Franchisee from time to time or upon or after expiration or termination of this Agreement. The covenants of this paragraph shall also extend to cover and bind each manager, director, officer and principal of Franchisee who has in any capacity affixed his or her signature to this Agreement.

- (d) Upon expiration or termination of this Agreement for whatever reason, Franchisor shall have the right to immediately establish, operate or franchise an Iris Galerie business anywhere within the Designated Territory .
- (e) Non-Competition
 - (i) Franchisee and its owners, managers, directors and officers shall not, during the term and currency of this Agreement, directly or indirectly, in any manner or capacity whatsoever, compete with the Iris Galerie franchised business which is the subject matter of this Agreement, or conduct or license or otherwise be engaged or interested in or assist any wholesale or retail business which features or offers for sale products or services substantially or confusingly similar to or colorable imitative of those featured and offered for sale at Iris Galerie retail stores, or which utilizes some or all of the essential distinctive elements of the Franchise System, or which has a substantially or confusingly similar or colorable imitative Trademark, trade name, Internet domain name, electronic mail address, search engine metatag, Internet website design, custom computer software or business format to those of the Franchise System. Notwithstanding the foregoing, neither the Franchisee nor its owners, managers, directors or officers will be in breach of the provisions of this paragraph where any one or more of them have entered into a franchise agreement with the Franchisor to operate another business franchised by the Franchisor.
 - (ii) The covenants of this paragraph shall continue to apply to Franchisee and its owners, manages, directors, and officers, and shall survive any assignment or transfer of this Agreement, or the expiration or termination of this Agreement, for a period of two (2) years.
 - (iii) The covenants of this paragraph shall also be applicable during such time over the Internet where any substantially or confusingly similar or colorable imitative Trademark, trade name, Internet domain name, electronic mail address, search engine metatag, Internet website design, custom computer software or business format to those of the Franchise System is used.
 - (iv) The covenants of this paragraph shall also extend to cover and bind each manager, director, officer and principal of Franchisee who has in any capacity affixed his or her signature to this Agreement.
 - (v) The covenants of this paragraph shall not operate to prevent Franchisee or such other persons from being involved in the apparel similar in design and composition to the Iris Galerie Products and related product or service business generally following expiration or termination of this Agreement, but shall operate so as to have the effect of preventing Franchisee and

such other persons from being involved in the apparel similar in design and composition to the Iris Galerie Products and related product and service business in any way, directly or indirectly, which features a substantially or materially similar custom computer software or Internet presence, other than any Internet presence, web page design or software developed by Franchisee in the operation of the Franchised Business, or business format or product and service line to that of the franchised business or which otherwise utilizes any of the essential distinctive elements or practices belonging to the Franchise System as detailed in this Agreement.

- (vi) The covenants of this paragraph are given in part in consideration of Franchisee being given access to confidential information and trade secrets that form a part of the Franchise System.
- (f) Franchisee shall not attempt to obtain any unfair advantage or head start either during the term of this Agreement or thereafter by soliciting or attempting to induce any customer, employee, supplier, distributor, licensee or franchisee of Franchisor to divert his or her business, employment or contract to Franchisee or any other competitive business, by the use of information derived from Franchisee's knowledge of and association and experience with the franchised business and the Franchise System during the term hereof and Franchisee acknowledges that all such information and the customer lists constitute confidential information and are trade secrets belonging to the Franchise System, and that any unauthorized retention or use of data may be a violation of Franchisor's policies and statements regarding data privacy, collection and use which Franchisee subscribed to, used, displayed and participated in giving while a franchisee operating the franchised business. The covenants of this paragraph shall also extend to cover and bind each manager, director, officer and principal of Franchisee who has in any capacity affixed his or her signature to this Agreement.

27. INDEMNIFICATION

Franchisee agrees to save Franchisor and its officers harmless from and to indemnify them against all claims, demands, actions, causes of action, suits, proceedings, judgments, settlements, debts, losses, damages, costs, charges, fines, penalties, assessments, taxes, liens, liabilities and expenses, including legal fees and disbursements and costs of any action, suit or proceeding on a solicitor and his own client basis, of whatever kind or character arising out of or incurred as a result of or in connection with any breach, default, violation, repudiation or non-performance of this Agreement by Franchisee, Franchisee's performance and operation relating to the Galerie, or any act or error of omission or commission on the part of Franchisee or anyone for whom Franchisee is responsible in law, or on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property in any way arising out of, resulting from or connected with Franchisee's business conducted pursuant to this Agreement.

28. NO RELIANCE BY FRANCHISEE

Franchisee acknowledges that the success of the franchised business is dependent upon the personal efforts of Franchisee, or Franchisee's managers, directors, officers, and owners. Franchisee acknowledges that neither Franchisor nor any other Party has guaranteed to Franchisee or warranted that Franchisee will succeed in the operation of

the franchised business or provided any sales or income projections, forecasts, or earnings claims of any kind to Franchisee, and Franchisee has not relied upon any such guarantee, warranty, projection, forecast or earnings claim, whether express, implied, purported or alleged, in entering into this Agreement. Franchisee acknowledges that any financial information which may have been provided to it by Franchisor or any other Party acting on behalf of Franchisor was provided for information or guidance purposes only, to assist Franchisee in making its own financial forecasts or projections, and that neither Franchisor nor any other Party has given any warranty of accuracy or reliability to Franchisee in connection therewith. Franchisor shall not be liable to Franchisee in any way for any losses sustained by Franchisee in the operation of the franchised business, it being understood and agreed that Franchisee is an independent contractor entitled to retain all profits derived from its operations of the franchised business after payment of all sums due to Franchisor and others.

29. RELATIONSHIP

The Parties are each independent contractors, neither of whom shall hold itself out as an agent or authorized representative of the other. This is not an agency, fiduciary or employment relationship, joint venture, or partnership.

30. COVENANT TO EXECUTE FURTHER DOCUMENTS OR ACTS

The Parties agree to acknowledge, execute, and deliver all such further documents, instruments, or assurances and to perform all such further acts or deeds as may be reasonably required from time to time in order to carry out the terms and conditions of this Agreement in accordance with their intent.

31. OFFSET

In respect of all payments due and owing by one Party to the other Party under this Agreement, such amounts may be offset by the paying Party, and only the difference between what is owing and what is owed shall be required to be paid.

32. FRANCHISEE'S ACCEPTANCE

The Franchisee acknowledges and agrees that:

- (a) it has read this Agreement and the Iris Galerie's Franchise Disclosure Document, which forms an integral part of this Agreement;
- (b) it understands and accept the terms, conditions and covenants contained in this Agreement as reasonably necessary to maintain the high standards of quality and service and the uniformity of those standards in each Galerie, and to protect and preserve the reputation of the Franchisor and its Trademarks;
- (c) it has made an independent investigation of the business venture contemplated by this Agreement and acknowledges that, like any other business, the nature of the business conducted by Franchisor may evolve and change over time;

- (d) The Franchisee agrees and understands that they will exclusively sell Iris Galerie products and those under development under the terms mentioned in this contract. They will not introduce any other sales products.
- (e) an investment in a Galerie involves commercial and financial risks;
- (f) its business skills and efforts are essential to the success of the business;
- (g) any information obtained from other franchisees regarding their sales, profits or cash flow does not constitute information obtained from the Franchisor, and the Franchisor makes no representations as to the accuracy of such information;
- (h) in all interactions with the Franchisee, the officers, managers, directors, employees, and agents of the Franchisor are acting solely in a representative capacity and not individually. All business transactions between the Franchisee and such persons arising out of this Agreement are solely between the Franchisee and the Franchisor;
- (i) the Franchisor has advised you to have this Agreement reviewed and explained by a legal representative.

33. NOTICES

Any notice required to be sent by one Party to the other Party in the normal course will be deemed to have been delivered, if sent by fax or email, at the time of its transmission to the other Party, and, in the case of a notice in writing sent by courier, at the time of its delivery to the other Party:

- (a) To Franchisor:
Email: usafranchise@irisgalerie.com
- (b) To Franchisee: as set forth in Schedule A.

Either Party may give notice to the other Party at any time of a change to its address, fax number or email address.

34. ENTIRE AGREEMENT

- (a) All terms and conditions pursuant to any and all agreements previously made between Franchisor and Franchisee shall merge hereunder and shall be replaced by the provisions hereof. This Agreement sets forth the entire understanding between the Parties and contains all of the terms and conditions agreed upon by the Parties with reference to the subject matter of this Agreement. No other agreements, oral or otherwise, shall be deemed to exist or to bind any of the Parties, and all prior agreements and understandings with respect to the same subject matter are superseded hereby. No officer, employee or agent of Franchisor has any authority to make any agreement, warranty, representation or promise not contained in this Agreement, and Franchisee agrees that it has executed this Agreement without reliance upon any such agreement, warranty, representation or promise.

- (b) The Parties confirm that: (a) they were not induced by any representations other than the words of this Agreement (and the franchise disclosure document (“FDD)) before deciding whether to sign this Agreement; and (b) they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. Nothing in this Section is intended to be a disclaimer of any representation that we have made in the FDD, including its exhibits.
- (c) This Agreement may only be modified as expressly provided herein or otherwise by a written agreement signed by both Franchisor and Franchisee.

35. SEVERABILITY

In the event that any paragraph or sub-paragraph of this Agreement or any portion thereof shall be held to be indefinite, invalid, illegal, or otherwise void, voidable, or unenforceable, it shall be severed from this Agreement, and the balance of this Agreement shall continue in full force and effect.

36. SURVIVAL OF COVENANTS

The terms and conditions of this Agreement which by their nature require performance by Franchisee or others after assignment, expiration or termination shall remain enforceable notwithstanding the assignment, expiration or termination of this Agreement.

37. WITHOUT LIMITATION

The words “include”, “including” and “inclusive” and the phrases “in particular,” “such as,” “i.e.,” and “for example” shall be interpreted and construed so as not to limit the generality of the words of general application or nature which precede those words.

38. TIME OF THE ESSENCE

Time shall be of the essence of this Agreement.

39. GOVERNING LAW

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, and all claims arising from or related to this Agreement, the Franchised Business, and the relationship between us and you will be governed by the procedural and substantive laws of the state of Delaware, without regard to its conflict of laws or rules. The Parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. Franchisee waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

40. FORCE MAJEURE

Neither Party will be liable to the other for any delay, unavailability, non-performance or any failure to comply with the terms and conditions of this Agreement if such failure is caused by fire, flood, accident or other Act of God, war, riot, insurrection, civil disorder, governmental regulation, raw material shortage, action or embargo, strike, labor unrest or

other labor dispute or any other cause beyond a party's reasonable control, whether or not foreseen or foreseeable. The failure to pay any monies cannot be excused by force majeure.

41. DISPUTE RESOLUTION

Except as otherwise provided in this Agreement, any controversy or claim arising between the Parties will first be submitted to non-binding mediation administered by an established, neutral mediation service with experience in franchise disputes. In the event the Parties cannot agree on a mediator within thirty (30) days of one Party's written request to the other party to mediate a dispute, such Party (the complainant, defined below) shall submit the dispute to, and any such mediation shall be conducted by JAMS in accordance with its then-current rules for mediation of commercial disputes. Both Parties must sign a confidentiality agreement before participating in any mediation proceeding. The mediation will take place in the U.S. city where Franchisor's principal offices are located at the time the demand for mediation is filed. The mediation shall be non-binding. Notwithstanding anything to the contrary, this section shall not bar either Party from obtaining judicial or injunctive relief for claims that are based solely on demands for money owed, or from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; this exception includes, without limitation, claims involving the Trademarks.

The non-binding mediation provided for hereunder shall be commenced by the Party requesting mediation (the "complainant") providing written notice of the request for mediation (the "request") to the party with whom mediation is sought (the "respondent"). The request shall specify with reasonable particularity the matter or matters on which mediation is sought. Non-binding mediation commenced hereunder shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the Parties in writing. Except as required by law, all aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and respondent shall each bear its own costs of mediation, and each shall bear one-half (1/2) the cost of the mediator or mediation service.

The Parties agree that all claims between or among the parties to this Agreement must be initiated and litigated exclusively and only in such state and exclusively in the judicial district in which Franchisor has its principal place of business at the time the action is commenced, and no other venue. The Parties agree that this section shall not be construed as preventing either Party from removing an action from state to federal court; provided, however, that venue shall be as set forth above. Franchisee and its owners hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision and agree to submit to the jurisdiction of the courts of the state in which Franchisor has its principal place of business at the time the action is commenced.

Nothing herein contained shall bar our right to obtain injunctive relief against threatened conduct that will cause us harm, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunction.

ANY LAWSUIT, CLAIM, COUNTERCLAIM, OR OTHER ACTION MUST BE CONDUCTED ONLY ON AN INDIVIDUAL BASIS, AND MUST NOT BE AS PART OF A

CONSOLIDATED, COMMON, OR CLASS ACTION. YOU HEREBY AGREE NOT TO SEEK JOINDER OF ANY OF YOUR CLAIMS WITH THOSE OF ANY OTHER PARTY.

EACH PARTY IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

EACH PARTY HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL, OR MULTIPLE DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN WE AND YOU EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

42. NO WAIVER

The failure of either Party at any time to exercise any of its rights under this Agreement shall not operate as a waiver of that Party's right to exercise its rights at any other time.

43. SUCCESSORS AND ASSIGNS

This Agreement shall be to the benefit of and shall be binding on the successors and permitted assigns of each of the Parties.

44. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation with the same force and effect as if such facsimile or ".pdf" signature page was an original thereof.

[Signature page follows]



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

FRANCHISOR:

Iris Galerie Franchising LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

SCHEDULE A

LOCATION, MAP AND OPENING DATE

1. The address of the location is the following:

If you have not found an approved location by the Effective Date, the location will not be identified until you select a location and the Franchisor approves it, as provided in Section 3. The location must be located within the Designated Territory described below.

The Designated Territory referred to in the Agreement is the geographical area described below and identified on the map attached to this **Schedule A** :

2. The mandatory opening date is:

3. The Commencement Date is:

APPENDIX A-1
MAP OF THE AREA

SCHEDULE B
LEASE RIDER

[Follows:]

LEASE RIDER

This Lease Rider among Iris Galerie Franchising LLC, a Delaware limited liability company (“**Franchisor**”), [_____] (“**Franchisee**”) and [_____] (“**Landlord**”) is entered into as of [_____].

WHEREAS, Franchisee and Franchisor are parties to a Franchise Agreement (“**Franchise Agreement**”);

WHEREAS, Franchisee and Landlord desire to enter into a lease arrangement (the “**Lease**”) pursuant to which Franchisee will occupy and use the premises located at [_____] (the “**Premises**”) for a franchised Iris Galerie (the “**Franchised Business**”) under the Franchise Agreement; and

WHEREAS, as a condition to operating a Franchised Business at the location, Franchisee as required under the Franchise Agreement must incorporate all the terms and conditions of the Lease Rider into the Lease or execute this Lease Rider along with the Landlord and Franchisor.

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

1. During the term of the Franchise Agreement, the site shall be used only for the operation of the Franchised Business.
2. Landlord consents to Franchisee’s use of such proprietary marks and signs, decor items, color schemes, and related components of the Franchisor franchise system as Franchisor may prescribe for the Franchised Business.
3. Landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the Lease and the Premises, at the same time that such letters and notices are sent to Franchisee.
4. Franchisor shall have the right to enter the site to make any modification or alteration necessary to protect the Franchisor franchise system and proprietary marks or to cure any default under the Franchise Agreement or any agreement entered into between Franchisor and Franchisee or under the Lease, without being guilty of trespass or any other crime or tort.
5. Franchisor or its affiliates will have the right, but not the obligation to be assigned the Lease upon the expiration or earlier termination of the Franchise Agreement and the Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment.
6. In the event Franchisor agrees in writing to an assignment, Franchisor or any affiliate designated by Franchisor will agree to assume from the date of assignment all Franchisee’s obligations remaining under the Lease, and in such event Franchisor or any affiliate shall assume Franchisee’s occupancy rights, and the right to sublease the Premises, for the remainder of the term of the Lease.
7. Franchisee and Landlord will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor.



8. Franchisee and Landlord will not amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

9. The terms of this Lease Rider will supersede any conflicting terms of the Lease.

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

FRANCHISOR:

Iris Galerie Franchising LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

LANDLORD:

By: _____

Name: _____

Title: _____

SCHEDULE C

PRICE LIST OF THE EXCLUSIVE PURCHASE FROM THE FRANCHISOR

Products	Price for 1 unit (\$)
Main Desk	4 505 \$US
2nd station	2 955 \$US
Basic Kit Displays (10 units)	3 100 \$US
Larger Kit Displays (18 units)	6 500 \$US
Merchandising (Small & Big bags) <ul style="list-style-type: none"> • 5 X 200 SB: 125\$ • 5 X 75 BB: 95\$ 	1 100 \$US
Added Mirror	855 \$US

SCHEDULE D
GUARANTY AGREEMENT

[Follows:]

GUARANTY AGREEMENT

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of the Iris Galerie Franchise Agreement (“**Agreement**”) and acknowledges that the execution of this guaranty and the undertakings of Franchisee’s owners in the Agreement are in partial consideration for the granting of this franchise, and that Iris Galerie would not have granted this franchise without the execution of this guaranty and such undertakings by each of the undersigned;

(2) Each individually, jointly and severally makes all of the covenants, representations and agreements under the Franchise Agreement and is obligated to perform hereunder and thereunder;

(3) Each individually, jointly and severally unconditionally and irrevocably guarantees to Iris Galerie and its affiliates, successors, and assigns that all of your undertakings, obligations, agreements, and covenant under the Agreement will be punctually paid and performed. You are personally bound by and personally liable for the breach of, each and every provision in the Agreement. Upon default by Franchisee or you or upon notice from Iris Galerie, each will immediately make each payment and perform each obligation required of you under the Agreement. Without affecting the obligations of any of Franchisee’s owners under this guaranty, Iris Galerie may, without notice to you or any of Franchisee’s owners, waive, renew, extend, modify, amend or release any of your indebtedness or obligation, or settle, adjust or compromise any claims that Iris Galerie may have against you. Each of Franchisee’s owners waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by you, any default by you or any guarantor, and any release of any guarantor or other security for the Agreement or your obligations. Iris Galerie may pursue its rights against you or any of Franchisee’s owners without first exhausting its remedies against you and without joining any other guarantor hereto and no delay on the part of Iris Galerie in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Iris Galerie of any right or remedy shall preclude the further exercise of such right or remedy.

Additionally, with respect to the individual designated as Principal Owner, Principal Owners acknowledges that the undertakings by Principal Owner under the Agreement are made and given in partial consideration of, and as a condition to, Iris Galerie grant of rights to operate the Iris Galerie franchised business; Principal Owner individually, jointly and severally makes all of the covenants, representations and agreements of Principal Owner and you set forth in the Agreement and is obligated to perform hereunder and thereunder.

[Signature Page follows:]

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty as of the date of the Agreement.

YOUR OWNERS/ADDRESS:

*

Address:

Address:

Address:

* Denotes individual who is your Principal Owner

SCHEDULE D-1
CONFIDENTIALITY AGREEMENT

[Follows:]

**CONFIDENTIALITY, INTELLECTUAL PROPERTY,
NON-COMPETITION AND NON-SOLICITATION AGREEMENT**
(the “Agreement”)

BETWEEN:

 (“Franchisee”)

- and –

Name -
(the “Employee”)

WHEREAS Iris Galerie Franchising LLC (“Iris Galerie”) has developed specialized business processes that are global in scope, and is entrusted by people, businesses and corporations worldwide with sensitive personal and/or business information;

AND WHEREAS during the Employee’s employment with Franchisee, the Employee will have extensive interactions with the prospects and clients of Franchisee and Iris Galerie system, which will give him/her knowledge of confidential and proprietary information which relates to the conduct and details of Iris Galerie’s system and operations and which will result in irreparable harm to Iris Galerie which could not be adequately compensated by money damages if the Franchisee or Employee should misuse that confidential and proprietary information of Iris Galerie;

AND WHEREAS the Employee acknowledges and agrees that Employee is solely an employee of Franchisee and that Employee has no relationship with Iris Galerie;

AND WHEREAS the Franchisee and Employee recognizes that Iris Galerie is entitled to protect to protect its confidential and proprietary information;

NOW THEREFORE, in consideration of the mutual covenants and promises set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Franchisee and the Employee agree as follows:

SECTION 1 – DEFINITIONS

For the purposes of this Agreement, the following definitions apply:

“Confidential Information” shall include, but is not limited to, any information or material concerning Franchisee, Iris Galerie, or Iris Galerie’s business practices, operations, procedures, passwords, policies, budgets, products, plans, financial information, client information and supplier information, Trade Secrets, and Intellectual Property; provided however that Confidential Information shall not include any information that is in the public domain or can be established by written evidence to be in my possession without restrictions prior to my employment by Iris Galerie

“Intellectual Property” includes, but is not limited to, all original works of authorship, trademarks, logos, designs, copyright, inventions, discoveries, developments, innovations, ideas, business improvements, processes, techniques, know-how, Trade Secrets, formulae, algorithms,

compilations of data, schematics, works and other intellectual property, including all expressions of such intellectual property, and other works of authorship related to Iris Galerie and its products or services, pertaining to the job market industry, or coming within the scope of the business of Iris Galerie, which the Employee may solely or jointly conceive, create or develop as part of, arising out of, or in conjunction with, his/her employment with Iris Galerie

“Person” shall be broadly interpreted to include, without limitation, any individual, corporation, Company, group, partnership, joint venture, government or regulatory body or authority or any other entity.

“Trade Secrets” means any oral or written information of Iris Galerie, including but not limited to any and all algorithms, formulae, patterns, images, text, graphic designs, trademarks, logos, domain names, web sites, computer programs, computer codes, models, sound or video recordings, photographs, films, ideas, inventions, data, compilations, compositions, concepts, programs, applications, devices, methods, models, techniques, plans, process, specification, software source codes, systems, inventions, machines, recordings, research plans and projects, processes, technology or business information, that derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and which is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

SECTION 2 – CONFIDENTIALITY

The Employee acknowledges that in the course of performing his/her responsibilities for Franchisee he/she will develop, create, and/or have access to various Confidential Information.

The Employee acknowledges that he/she is provided access to Confidential Information for the sole purpose of performing his/her duties and responsibilities as an Employee of Franchisee, and that any other use is strictly prohibited.

The Employee agrees that any Confidential Information could be used to the detriment of Franchisee and Iris Galerie. Therefore, the Employee agrees to treat all such information as confidential and not to disclose any Confidential Information to any third party or otherwise use any Confidential Information for the Employee’s benefit or the benefit of a third party, except as may be necessary in the proper discharge of the Employee’s employment duties. The Employee agrees that this restriction will apply during the Employee’s employment with Franchisee and at any time thereafter, regardless of the reasons or circumstances of the cessation of the Employee’s employment, so long as the information is not publicly available.

At the end of the Employee’s employment with Franchisee, the Employee shall be required to return all Confidential Information to Franchisee, including any devices or other equipment upon which Confidential Information has been stored.

SECTION 3 – INTELLECTUAL PROPERTY

The Employee acknowledges that in the course of performing his/her responsibilities for Franchisee he/she will develop, create, and/or have access to various Intellectual Property and Trade Secrets.

The Employee acknowledges and agrees that all Intellectual Property created and/or developed by the Employee in the course of performing his/her responsibilities for Iris Galerie shall

automatically become the sole and exclusive property of Iris Galerie and for this purpose, Iris Galerie shall be deemed the owner and author thereof.

The Employee acknowledges that he/she is provided access to Intellectual Property and Trade Secrets for the sole purpose of performing his/her duties and responsibilities as an Employee of Franchisee, and that any other use is strictly prohibited. Furthermore, the Employee agrees that he/she shall not use, disclose or make available to any Person any Intellectual Property or Trade Secrets obtained by him/her in the course of his/her employment, except as is necessary for the performance of his/her duties and responsibilities as an employee of Franchisee.

The Employee hereby irrevocably assigns and transfers to Iris Galerie, its successors and assignees, all intellectual rights, including without limitation, all copyrights, trademarks, industrial designs and patents, in and to each and all of the Intellectual Property. For greater certainty, the Employee acknowledges, that the assignment, in and to each and all of the Intellectual Property, includes all rights generally vested to the author or the owner of any intellectual property and includes, without limitation, the right to sell, license, rent, lease, transfer, assign and lend all rights, titles and interests therein to any Person and the right to advertise as well as the right to all profits, benefits, royalties and other monies and advantages from whatsoever source that shall or may arise, by and from such activities.

The Employee agrees to disclose all Intellectual Property to Franchisee and Iris Galerie immediately after its conception or creation.

At Franchisee or Iris Galerie's request, whether during or after the Employee's employment with Franchisee, the Employee agrees to cooperate and execute all documents necessary for the filing of applications for trademarks, patents or any other registrations, both in the United States and foreign, which are necessary or desirable to protect or promote the Iris Galerie's rights to the Intellectual Property and Trade Secrets, including, without limitation, any necessary assignments.

The Employee agrees to irrevocably waive his/her Moral Rights in the Intellectual Property, where "Moral Rights" means any rights to claim authorship of Intellectual Property, to object to any modification of Intellectual Property, and any similar right that exists under judicial or statutory law of any jurisdiction in the world or under any treaty, regardless of whether or not such right is called or generally referred to as a "moral right".

SECTION 4 - GENERAL

The preamble forms an integral part of this Agreement.

This Agreement shall extend to and ensure to the benefit of the successors and assigns of Franchisee and Iris Galerie.

The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and the Agreement shall be interpreted without regard to any presumption or other rule requiring interpretation of the Agreement more strongly against the party causing it to be drafted.

The Employee acknowledges and recognizes that any breach of any of the covenants in this Agreement shall cause Franchisee or Iris Galerie irreparable harm which cannot be adequately compensated in damages. Therefore, in addition to any other rights or remedies available to Franchisee or Iris Galerie at law or otherwise, Franchisee or Iris Galerie shall be entitled to apply

to a court of competent jurisdiction for relief. Such relief includes but is not limited to an injunction, restraining order or otherwise as may be appropriate to ensure compliance by the Employee with the provisions contained in this Agreement.

The Employee agrees that all of the restrictions contained in this Agreement (including their time, scope and geographic area) are necessary and fundamental to the protection of the business as carried on by Franchisee and Iris Galerie and that all such restrictions are reasonable, valid and enforceable.

The Employee acknowledges that given his/her knowledge and experience, the restrictions contained in this Agreement will not preclude the Employee from becoming gainfully employed.

If any provisions of this Agreement are invalid or unable to be performed by virtue of any statute, law, regulation, order or any other requirement or other principle of law, the impugned provision shall in such case be modified, but only to the extent necessary to comply with the statute, law, regulation, order, requirement or other principle of law. If the impugned provision cannot be modified it shall be severed from this agreement and the agreement will, in all other respects, continue in full force and effect.

This Agreement shall be governed by and interpreted in accordance with the laws of the location of the Franchisee's franchised business.

The Employee acknowledges that the Employee has read and understood this Agreement and has been given the opportunity to seek independent advice with respect to the terms contained in this Agreement.

AGREED TO AND ACCEPTED BY:

Employee's name

DATE

On Behalf of Franchisee

DATE



SCHEDULE E

EFT WITHDRAWAL AUTHORIZATION FORM

Franchisee Name: _____(the “Depositor”)

I hereby authorize Iris Galerie Franchising LLC(“Payee”), to initiate debits to the checking account indicated below, for the specific purpose of collecting royalties, marketing and advertising contribution and fees, and other fees or amounts due and owing under the Franchise Agreement between Payee and Depositor.

Name on Account: _____
Financial Institution Name: _____ (“Depository”)
City: _____ State _____ : Zip: _____
Account Number _____
RT/ABA _____

(Please attach one voided check for the above account.)

Depositor hereby authorizes and requests the Depository designated above to honor and to charge to the designated account, checks, and electronic debits (collectively, “Debits”) drawn on such account which are payable to Payee. Depositor agrees with respect to any action taken pursuant to the above authorization to:

(a) indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith;

(b) indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently; and

(c) defend at Depositor’s own cost and expense any action which might be brought by a Depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository’s or Payee’s participation therein.

This authority will remain in full force and effect until Payee provides Depositor and Depository with written notice of the termination of this Payment Authorization Agreement.

Franchisee/Depositor:

Name: _____
By: _____
Date: _____

SCHEDULE F
TRANSPORT PRICE LIST
(IN U.S. Dollars)

CANADA/USA	1-2 frame(s)	3-5 frames	>5 frames
Add states initials before ZIP CODES			
LARGEST SIDE			
20 cm	28	33	38
21cm-60cm	43	48	63
61cm-100cm	53	68	88
101cm-125cm	133	168	203
126cm-180cm	258	323	403
TIMELINE	3 WEEKS	3 WEEKS	3 WEEKS

**Exhibit B to the
FRANCHISE DISCLOSURE DOCUMENT
AREA DEVELOPMENT AGREEMENT**

[Follows:]



DEVELOPMENT AGREEMENT

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DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the “**Agreement**”) is made as of [Insert Day], 202__ (the “**Effective Date**”),

BETWEEN:	Iris Galerie Franchising LLC , a Delaware limited liability company, principally located at 3080 Yonge Street, Suite 5004, Toronto, Ontario, M4N 3N1; (“ Iris Galerie ” or “ We ”)
AND:	[Insert Name of Developer] a [Insert State of Formation and Type of Entity], principally located at [Insert Address],(the “ Developer ” or “ You ”) Iris Galerie or We and Developer or You may be referred to herein, individually, as a “ Party ” and, collectively, as the “ Parties ”)

WHEREAS:

1. Iris Galerie has developed a unique experience and product that captures the essence of the eye and immortalizing the iris through art and technology that combines photography and high-quality printing;
2. Iris Galerie has developed and continues to develop a network and plan for the operation of business with distinguishing characteristics include our confidential and proprietary information and trade secrets; distinctive images, designs, business formats, methods, procedures, and specifications; distinctive exterior and interior design, decor, color scheme, and furnishings; uniform standards, specifications, and procedures for operations; quality and uniformity; procedures for management and inventory control; training and assistance; and advertising and promotional programs offering for sale the Iris Galerie Products, related products and services, of controlled quality, in accordance with Iris Galerie’s prescribed standards, specifications, policies and procedures, under the name, trademark and style of “Iris Galerie,” all of which Iris Galerie may periodically change, improve, and further develop (the “**Franchise System**”);
3. Iris Galerie owns and controls the trade name and trademark “Iris Galerie” and related trademarks and designs used in connection with the Iris Galerie Products and Franchise System (the “**Marks**”);
4. Iris Galerie grants to persons who meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a franchised Iris Galerie art gallery (“**Franchised Business**”) using Iris Galerie’s System and Marks.
5. Developer wishes to obtain certain rights to develop multiple Franchised Business, and Developer and Iris Galerie wish to enter into this Agreement in order to reflect the understandings and agreements that we have reached with respect to the foregoing points and the other matters that are addressed herein.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, and for other consideration acknowledged by the Parties to be of good and sufficient value, the Parties agree as follows:

AGREEMENT:

SECTION 1. TERRITORY DEVELOPMENT AGREEMENT

- 1.1 **Developer aims to develop, operate, and open [] Franchised Businesses in strict accordance with the Development Schedule (as described below) within the boundaries of the following area: [] (“Development Area”).** Developer may not select a new territory without prior written permission from Iris Galerie. This Agreement is not a franchise agreement and does not grant Developer any right to use in any manner Iris Galerie’s Marks or System. Developer has no right under this Agreement to license others to use in any manner the Marks or System.
- 1.2 Pursuant to the terms and conditions of this Agreement, Iris Galerie hereby grant to you the right, and you accept the obligation, to develop a specified number of Franchised Businesses in the Development Area. In this regard, Developer further agrees:
 - (a) to develop the Franchised Businesses pursuant to the Development Schedule. If at any time during the term of this Agreement you fail to satisfy the Development Schedule, then we have the right, but not the obligation, to exercise our termination rights and other rights under this Agreement;
 - (b) that for each Franchised Business to be developed under this Agreement, Developer (or its approved affiliate) must execute Iris Galerie’s then-current franchise agreement (each a **“Development Franchise Agreement”**); and
 - (c) that each Franchised Businesses developed under this Agreement must be located within the Development Area.
- 1.3 If you are in compliance with your obligations under this Agreement, including without limitations the minimum annual sales requirements set forth in Section 3 of this Agreement as well as each Development Franchise Agreement between Developer (including any affiliate of Developer that we may approve) and Iris Galerie, then Iris Galerie will not establish, nor license anyone other than you to establish a Franchised Business in the Development Area until the earlier of (a) the termination or expiration of this Agreement, (b) the opening of the last required Franchised Business under the Development Schedule, or (c) the last date specified in the Development Schedule, except as otherwise provided.
- 1.4 Iris Galerie retains all rights with respect to Franchised Businesses, the System, the Marks, the sale of similar or dissimilar services, and any other activities Iris Galerie deems appropriate whenever and wherever Iris Galerie desires, including, but not limited to:
 - (a) the right to operate, and to grant others the right to operate, Franchised Businesses and similar art businesses or galleries under different names

or marks located anywhere outside the Development Area under any terms and conditions Iris Galerie deems appropriate and regardless of proximity to the Franchised Businesses or the Development Area;

- (b) the right to establish and operate (and to grant to others the right to establish and operate) any other businesses offering products and services that are different from the products or services offered at Franchised Businesses through similar or dissimilar channels of distribution (including, but not limited to: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks; and (iii) sales made at wholesale), at any locations inside or outside the Development Area under trademarks or service marks other than the Marks and on any terms and conditions Iris Galerie deem appropriate;
 - (c) the right to acquire the assets or ownership interests of one or more businesses that operate, and/or has granted franchises, licenses, or similar rights to one or more third parties to operate, businesses similar to and/or competing with Franchised Businesses and/or the right to be acquired by a competing art businesses or galleries, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Development Area. It is expressly acknowledged by Developer and us that any such business operations of the same or similar business that existed or operated at the time of such acquisition or transaction shall not constitute a breach of this Agreement.
 - (d) the right to create, place, and/or distribute any advertising and promotional materials related to the System, the Marks, and Franchised Businesses, and the services and products offered, and authorize others to do so, and those materials may appear in media, including, without limitation, the Internet or similar electronic media, or be received by prospective customers located anywhere, including within the Development Area; and
 - (e) the right to operate, and to grant others the right to operate, Franchised Businesses and similar art businesses or galleries, in non-traditional or captive locations, within or outside of the Development Area, including, without limitation, in pop-ups or limited service temporary locations.
- 1.5 Each of your owners acknowledge that, by signing this Agreement or the Guaranty Agreement attached as **Exhibit A**, they are binding themselves as individuals to all of the terms and conditions of this Agreement.
- 1.6 The Principal Owner must be approved by us prior to the Effective Date. The Principal Owner will be the person with whom Iris Galerie will communicate on all major policy, financial, management and operational matters. Developer may not change the Principal Owner without Iris Galerie's prior written consent, which Iris Galerie will not unreasonably withhold provided that the proposed new Principal Owner meets Iris Galerie's then-current qualifications and standards.

SECTION 2. DEVELOPMENT SCHEDULE

2.1 Recognizing that time is of the essence, Developer agrees to satisfy the development schedule options and requirements that are set forth below (hereinafter referred to as the “**Development Schedule**”) are set forth in the table below:

(a) 3-Franchise Business Development Option (“**Three Unit Option**”)

Franchised Business	Date by Which Each Development Franchise Agreement Must be Signed, Franchised Business Site Selected and Approved, and Franchisee Entity Approved by Franchisor	Date by Which Each Franchised Business Must be Open	Cumulative Number of Franchised Businesses Open and In Operation by Scheduled Opening Date
1	[_____]	[_____]	[]
2	[_____]	[_____]	[]
3	[_____]	[_____]	[]

(b) 5 Franchise Business Development Option (“**Five Plus Unit Option**”)

Franchised Business	Date by Which Each Development Franchise Agreement Must be Signed, Franchised Business Site Selected and Approved, and Franchisee Entity Approved by Franchisor	Date by Which Each Franchised Business Must be Open	Cumulative Number of Franchised Businesses Open and In Operation by Scheduled Opening Date
1	[_____]	[_____]	[]
2	[_____]	[_____]	[]
3	[_____]	[_____]	[]
4	[_____]	[_____]	[]
5	[_____]	[_____]	[]

2.2 The Developer must develop, as applicable, at least three (3) Franchise Businesses within eighteen (18) months of full execution of this Agreement or five (5) Franchise Businesses within twenty four (24) months of full execution of this Agreement. The Developer must strictly adhere to the Development Schedule and each Development Franchise Agreement. Provided that Developer is in compliance with this Agreement and each Development Franchise Agreement, and you develop and operate at least (a) 3 Franchise Businesses under this Agreement, then you will receive a deduction of 0.5% off of the Commission Fee at the opening of each Franchise Business or (10) Franchise Businesses under this Agreement, then you will receive a deduction of 5.0% off of the Commission

Fee at the opening of each Franchise Business. Any delays outside of your reasonable control as solely determine by Iris Galerie will extend performance accordingly or excuse performance, in whole or in part, as Iris Galerie determines as reasonable, except that these causes will not excuse any payments of amounts due or owed to Iris Galerie or any of its affiliate at the time of the occurrence.

- 2.3 During the term of this Agreement and unless waived by Iris Galerie, Developer and Iris Galerie will meet to discuss he progress of the Development Schedule.

SECTION 3. MINIMUM SALES REQUIREMENTS

- 3.1 In addition to the conditions outlined each Development Franchise Agreement, each Franchise Business must generate a minimum annual sales amount of Two Hundred and Seventy-Five Thousand Dollars (\$275,000) within the initial twelve (12) months of opening. If the minimum annual sales target is not met, the Developer will be required to pay up to 100% of the commission of the difference between the achieved turnover (as determined by us) and the minimum annual sales target of Two Hundred and Seventy-Five Thousand Dollars (\$275,000) within one (1) month after the end of the relevant year of the gallery activity. Developer must submit sales reports in the same format and manner set forth in the Development Franchise Agreement for the Franchised Business.
- 3.2 Iris Galerie may revoke any Development Agreement and/or terminate this Agreement if the Developer fails to generate minimum annual sales of Two Hundred and Seventy-Five Thousand Dollars (\$275,000).

SECTION 4. DEVELOPMENT FEE

- 4.1 In consideration of the development rights granted herein, Developer must pay to Iris Galerie a "**Development Fee.**" The Development Fee for the (a) Three Unit Option will be (i) \$50,000 for the first Franchised Business granted under the first Development Franchise Agreement and such amount is due upon execution of this Agreement, (ii) \$20,000 for the second Franchise Business granted under the Development Franchise Agreement and this amount is due upon execution of such Development Franchise Agreement, and (iii) \$20,000 for the third Franchised Business granted under the Development Franchise Agreement, and this amount is due upon execution of such Development Franchise Agreement and (b) Five Plus Unit Option will be (i) \$65,000 for the first Franchised Business granted under the first Development and such amount is due upon execution of this Agreement and (ii) \$15,000 for the remaining Franchise Businesses granted under the Development Franchise Agreements and such amounts are due upon execution of such Development Franchise Agreements.
- 4.2 The Development Fee is in lieu of, not in addition to, initial franchise fees owed under each respective Franchise Agreement to be executed under this Agreement.
- 4.3 The Development Fee will be fully earned when received by Iris Galerie and will be non-refundable in consideration of administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the rights granted to you herein. Even if you fail to execute all the Development Franchise

Agreements, or open all required Franchised Businesses, the Development Fee is non-refundable.

SECTION 5. TRAINING

- 5.1 Developer acknowledges and agrees that Developer's owners (including its Principal Owner) and managers must be knowledgeable regarding the operation and management of Franchised Businesses. Developer acknowledges and agrees that successful completion of Iris Galerie's training programs is critical to properly develop, own, and operate a Franchise Businesses.

SECTION 6. ASSIGNMENT

- 6.1 Iris Galerie and its affiliates may assign or transfer any interest in itself or this Agreement without restrictions, which assignment or transfer may include without limitation Iris Galerie and its affiliates may sell itself and themselves, its or their assets, the proprietary marks (including the Marks) and/or its or their system (including the System) to a third party; may go public; may engage in a private placement of some or all of its or their securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments, and dispositions, Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of Iris Galerie's name, Trademarks, other proprietary marks (or any derivation of those marks), the System, other systems and/or the loss of association with or identification as a franchisee under this Agreement. If Iris Galerie assigns its rights in this Agreement, nothing in this in this Agreement will be deemed to require Iris Galerie to remain in any of its current businesses.
- 6.2 Developer shall not have the right to pledge, encumber, charge, hypothecate or otherwise give any third party a security interest in this Agreement without the prior written consent of Iris Galerie. Developer may not assign or transfer its interest in this Agreement or Developer in any manner directly or indirectly in whole or in part to any third party without the prior written consent of Iris Galerie.
- 6.3 Iris Galerie's consent to any assignment shall not constitute a waiver of any claim against Developer. Iris Galerie's consent to any assignment shall be conditioned upon the following:
- (a) the assignee shall reasonably meet Iris Galerie's then-current criteria for the selection and approval of developers;
 - (b) the assignee and the management personnel proposed to be employed by the assignee for the franchised business shall satisfactorily complete Iris Galerie's initial training program under any Development Franchise Agreement;
 - (c) the assignee shall assume and agree in writing to be bound by and perform all of the covenants and obligations of Developer under this Agreement;

- (d) all obligations of Developer under this Agreement shall be brought up to date and into full compliance;
- (e) Developer shall deliver to Iris Galerie a complete release of all claims against Iris Galerie and its officers in respect of all matters arising under or pursuant to this Agreement;
- (f) Developer acknowledges that Iris Galerie will provide assistance and other services, including training, and will incur expenses in connection with any assignment or proposed assignment, and thus Developer shall reimburse Iris Galerie for its reasonable actual expenses incurred in connection with the assignment or proposed assignment, including the expenses of one of Iris Galerie's personnel attending at the Development Area and Designated Territory for an inspection if required in Iris Galerie's reasonable opinion, and in connection with the assignment shall pay to Iris Galerie prior to the consummation of the assignment a nonrefundable transfer fee in the amount of Twenty Thousand Dollars (\$20,000).

6.4 If Developer or any owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify Iris Galerie of the circumstances, and apply to Iris Galerie in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this section, as applicable; however, we will not impose a transfer fee for such a transfer if Developer reimburses Iris Galerie for the out-of-pocket costs that Iris Galerie incurs in connection with reviewing, approving, and documenting Developer's proposed transaction, including Iris Galerie's attorneys' fees. For purposes of this section "incapacity" means any physical or mental infirmity that will prevent the person from performing their obligations under this Agreement: (a) for a period of thirty (30) or more consecutive days; or (b) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of assignment provisions of this Agreement, the executor may transfer the decedent's interest to another successor that Iris Galerie has approved, subject to all of the terms and conditions for transfers contained in this Agreement. If an interest is not disposed of under this section within six (6) months after the date of death or appointment of a personal representative or trustee, then Iris Galerie may terminate this Agreement.

SECTION 7. NON-COMPETE

7.1 Developer and its owners, directors, managers, and officers shall not, during the term of this Agreement, directly or indirectly, in any manner or capacity whatsoever, compete with the Franchised Business or similar business, or conduct or license or otherwise be engaged or interested in or assist any art business or art gallery business which features or offers for sale products or services substantially or confusingly similar to or colorable imitative of those featured and offered for sale at Iris Galerie franchised or retail stores, or which utilizes some or all of the essential distinctive elements of the System, or which has a substantially or confusingly similar or colorable imitative Mark, trade name, Internet domain name, electronic mail address, search engine metatag, Internet website design,

custom computer software or business format to those of the System. Notwithstanding the foregoing, neither the Developer nor its owners, directors, managers, or officers will be in breach of the provisions of this paragraph where any one or more of them have entered into a franchise agreement with the Iris Galerie to operate another business franchised by the Iris Galerie.

- 7.2 The covenants of this paragraph shall continue to apply to Developer and its owners, shareholders, directors, managers, and officers, and shall survive any assignment or transfer of this Agreement, or the expiration or termination of this Agreement, for a period of two (2) years.
- 7.3 The covenants of this paragraph shall also be applicable during such time over the Internet where any substantially or confusingly similar or colorable imitative Mark, trade name, Internet domain name, electronic mail address, search engine metatag, Internet website design, custom computer software or business format to those of the System is used.
- 7.4 The covenants of this paragraph shall also extend to cover and bind each manager, director, officer and principal of Developer.
- 7.5 The covenants of this paragraph are given in part in consideration of Developer being given access to confidential information and trade secrets that form a part of the System.
- 7.6 Developer shall not attempt to obtain any unfair advantage or head start either during the term of this Agreement or thereafter by soliciting or attempting to induce any customer, employee, supplier, developer, distributor, licensee or franchisee of Iris Galerie to divert their business, employment or contract to Developer or any other competitive business, by the use of information derived from Developer's knowledge of and association and experience with the franchised business and the System during the term hereof and Developer acknowledges that all such information and the customer lists constitute confidential information and are trade secrets belonging to the System, and that any unauthorized retention or use of data may be a violation of Iris Galerie's policies and statements regarding data privacy, collection and use which Developer subscribed to, used, displayed and participated in giving while a developer or franchisee develop and/or operate a Franchised Business. The covenants of this paragraph shall also extend to cover and bind each manager, director, officer and principal of Developer.

SECTION 8. TERMINATION AND CERTAIN REMEDIES

- 8.1 Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Developer, if Developer becomes insolvent or make a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Developer or such a petition is filed against and not opposed by Developer; or if you are adjudicated bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with

creditors under any state or federal law should be instituted by or against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) calendar days or longer, unless appealed or a supersedeas bond is filed; or if Developer is dissolved.

- 8.2 Developer acknowledges and agrees that time is of the essence, and that Developer has agreed to strictly comply with the Development Schedule. Upon the occurrence of any of the following events of default, Iris Galerie may, at Iris Galerie's option, terminate this Agreement and all rights granted hereunder or take any of the actions set forth in this Agreement, without affording Developer any opportunity to cure the default, effective immediately upon the provision of notice to Developer:
- (a) If you miss a deadline set forth in the Development Schedule; or
 - (b) If a Development Franchise Agreement for any Franchised Business operated by Developer, Developer's owners, or any entity affiliated with Developer is terminated.
- 8.3 Except as otherwise provided in this Agreement, any other default by Developer of Developer's obligations hereunder, including those identified below, upon written notice from Iris Galerie, Developer will have thirty (30) calendar days to cure such default. If any such default is not cured within the specified time, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) calendar day period. Notwithstanding the foregoing, in the event the default under the Development Franchise Agreement is not cured, or not curable as provided for in the Development Franchise Agreement, Iris Galerie may terminate this Agreement upon the expiration of the thirty (30) calendar day period, or immediately, as applicable. If any such default is not cured within the specified time, this Agreement and all rights granted hereunder will terminate without further notice to Developer, effective immediately upon the expiration of the thirty (30) calendar day period.
- 8.4 If Iris Galerie is entitled to terminate this Agreement in accordance, Iris Galerie has the right in lieu of terminating this Agreement to take any one or more of the following actions:
- (a) Iris Galerie may terminate or modify any rights that you may have with respect to protection in the Development Area, effective immediately upon written notice to Developer by Iris Galerie;
 - (b) Iris Galerie may modify, or eliminate completely, the Development Area; and/or
 - (c) Iris Galerie may reduce or modify the remaining number of Development Franchise Agreements that Developer (or its affiliate) may execute and the remaining number of Franchised Businesses to be operated under or pursuant to this Agreement, including, but not limited to, reduce the number of additional Development Franchise Agreements and Franchised Businesses to zero (0).

If any of such rights, options, arrangements, or areas are terminated or modified, such action will be without prejudice to our right to terminate this Agreement, and Iris Galerie will have the right to retain all Development Fee(s) paid by Developer, and/or to terminate any other rights or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

- 8.5 Upon termination or expiration of this Agreement, Developer will have no right to establish or operate a Franchised Business for which a Development Franchise Agreement has not been executed by Iris Galerie at the time of termination. Thereafter, we will be entitled to establish, and to license others to establish Franchised Businesses in the Development Area.

SECTION 9. INDEMNIFICATION

- 9.1 Developer agrees to save Iris Galerie and its officers harmless from and to indemnify them against all claims, demands, actions, causes of action, suits, proceedings, judgments, settlements, debts, losses, damages, costs, charges, fines, penalties, assessments, taxes, liens, liabilities and expenses, including legal fees and disbursements and costs of any action, suit or proceeding on a solicitor and his own client basis, of whatever kind or character arising out of or incurred as a result of or in connection with any breach, default, violation, repudiation or non-performance of this Agreement by Developer, Developer's performance under this Agreement, or any act or error of omission or commission on the part of Developer or anyone for whom Developer is responsible in law, or on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property in any way arising out of, resulting from or connected with Developer's business conducted pursuant to this Agreement.

SECTION 10. NO RELIANCE BY FRANCHISEE

- 10.1 Developer acknowledges that the success of the developing, managing, and/or operating a Franchised Business is dependent upon the personal efforts of Developer, or Developer's managers directors, officers, owners. Developer acknowledges that neither Iris Galerie nor any other person or party has guaranteed to Developer or warranted that Developer will succeed in the development, management, and operation of a Franchised Business or provided any sales or income projections, forecasts, or earnings claims of any kind to Developer, and Developer has not relied upon any such guarantee, warranty, projection, forecast or earnings claim, whether express, implied, purported or alleged, in entering into this Agreement. Developer acknowledges that any financial information which may have been provided to it by Iris Galerie or any other Party acting on behalf of Iris Galerie was provided for information or guidance purposes only, to assist Developer in making its own financial forecasts or projections, and that neither Iris Galerie nor any other person or party has given any warranty of accuracy or reliability to Developer in connection therewith. Iris Galerie shall not be liable to Developer in any way for any losses sustained by Developer in the development, management, or operation of a Franchised Business, it being understood and agreed that Developer is an independent contractor entitled to retain all profits derived from its operations of a Franchised Business after payment of all sums due to Iris Galerie and others.

- 10.2 Developer acknowledges and agrees that: it has read this Agreement and the Iris Galerie's Franchise Disclosure Document ("**FDD**"), which forms an integral part of this Agreement; it understands and accept the terms, conditions and covenants contained in this Agreement as reasonably necessary to maintain the high standards of quality and service and the uniformity of those standards in each Franchised Business, and to protect and preserve the reputation of the Iris Galerie and its Marks; it has made an independent investigation of the business venture contemplated by this Agreement and acknowledges that, like any other business, the nature of the business conducted by Iris Galerie may evolve and change over time.

SECTION 11. DISPUTE RESOLUTION

- 11.1 This Agreement shall be interpreted in accordance with the laws of Delaware. The Parties agree and irrevocably consent to the jurisdiction of the state and federal courts located in Newark, Delaware.
- 11.2 THE PARTIES HEREBY IRREVOCABLY WAIVE THEIR RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ONE PARTY AGAINST ANOTHER PARTY ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.
- 11.3 Except as otherwise provided in this Agreement, any controversy or claim arising between the Parties will first be submitted to non-binding mediation administered by an established, neutral mediation service with experience in franchise and/or franchise development disputes. In the event the Parties cannot agree on a mediator within thirty (30) days of one Party's written request to the other party to mediate a dispute, such Party (the complainant, defined below) shall submit the dispute to, and any such mediation shall be conducted by JAMS in accordance with its then-current rules for mediation of commercial disputes. Both Parties must sign a confidentiality agreement before participating in any mediation proceeding. The mediation will take place in the U.S. city where Iris Galerie's principal offices are located at the time the demand for mediation is filed. The mediation shall be non-binding. Notwithstanding anything to the contrary, this section shall not bar either Party from obtaining judicial or injunctive relief for claims that are based solely on demands for money owed, or from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; this exception includes, without limitation, claims involving the Trademarks.
- 11.4 The non-binding mediation provided for hereunder shall be commenced by the Party requesting mediation (the "complainant") providing written notice of the request for mediation (the "request") to the party with whom mediation is sought (the "respondent"). The request shall specify with reasonable particularity the matter or matters on which mediation is sought. Non-binding mediation commenced hereunder shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the Parties in writing. Except as required by law, all aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and

respondent shall each bear its own costs of mediation, and each shall bear one-half (1/2) the cost of the mediator or mediation service.

- 11.5 The Parties agree that all claims between or among the parties to this Agreement must be initiated and litigated exclusively and only in such state and exclusively in the judicial district in which Iris Galerie has its principal place of business at the time the action is commenced, and no other venue. The Parties agree that this section shall not be construed as preventing either Party from removing an action from state to federal court; provided, however, that venue shall be as set forth above. Developer and its owners hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision and agree to submit to the jurisdiction of the courts of the state in which Franchisor has its principal place of business at the time the action is commenced.
- 11.6 Nothing herein contained shall bar our right to obtain injunctive relief against threatened conduct that will cause us harm, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunction.
- 11.7 Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, and all claims arising from or related to this Agreement and the relationship between us and you will be governed by the procedural and substantive laws of the state of Delaware, without regard to its conflict of laws or rules. The Parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. Developer waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.
- 11.8 ANY LAWSUIT, CLAIM, COUNTERCLAIM, OR OTHER ACTION MUST BE CONDUCTED ONLY ON AN INDIVIDUAL BASIS, AND MUST NOT BE AS PART OF A CONSOLIDATED, COMMON, OR CLASS ACTION. YOU HEREBY AGREE NOT TO SEEK JOINDER OF ANY OF YOUR CLAIMS WITH THOSE OF ANY OTHER PARTY.
- 11.9 EACH PARTY IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.
- 11.10 EACH PARTY HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL, OR MULTIPLE DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN WE AND YOU EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

SECTION 12. GENERAL PROVISIONS

- 12.1 The Parties are each independent contractors, neither of whom shall hold itself out as an agent or authorized representative of the other. This is not an agency, fiduciary or employment relationship, joint venture, or partnership.
- 12.2 Developer agrees to acknowledge, execute, and deliver all such further documents, instruments, or assurances and to perform all such further acts or deeds as may be reasonably required from time to time in order to carry out the terms and conditions of this Agreement in accordance with their intent.
- 12.3 All terms and conditions pursuant to any and all agreements previously made between Iris Galerie and Developer shall merge hereunder and shall be replaced by the provisions hereof. This Agreement sets forth the entire understanding between the Parties and contains all of the terms and conditions agreed upon by the Parties with reference to the subject matter of this Agreement. No other agreements, oral or otherwise, shall be deemed to exist or to bind any of the Parties, and all prior agreements and understandings with respect to the same subject matter are superseded hereby. No officer, employee or agent of Iris Galerie has any authority to make any agreement, warranty, representation or promise not contained in this Agreement, and Developer agrees that it has executed this Agreement without reliance upon any such agreement, warranty, representation or promise.
- 12.4 The Parties confirm that: (a) they were not induced by any representations other than the words of this Agreement and the FDD before deciding whether to sign this Agreement; and (b) they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. Nothing in this Section is intended to be a disclaimer of any representation that we have made in the FDD, including its exhibits.
- 12.5 This Agreement may only be modified as expressly provided herein or otherwise by a written agreement signed by both Iris Galerie and Developer.
- 12.6 In the event that any provision of this Agreement or any portion thereof shall be held to be indefinite, invalid, illegal, or otherwise void, voidable, or unenforceable, it shall be severed from this Agreement, and the balance of this Agreement shall continue in full force and effect.
- 12.7 The terms and conditions of this Agreement which by their nature require performance by Developer or others after assignment, expiration or termination shall remain enforceable notwithstanding the assignment, expiration or termination of this Agreement.
- 12.8 The words "include", "including" and "inclusive" and the phrases "in particular," "such as," "i.e.," and "for example" shall be interpreted and construed so as not to limit the generality of the words of general application or nature which precede those words.
- 12.9 Time shall be of the essence of this Agreement. The failure of either Party at any time to exercise any of its rights under this Agreement shall not operate as a waiver of that Party's right to exercise its rights at any other time.

- 12.10 This Agreement shall be to the benefit of and shall be binding on the successors and permitted assigns of each of the Parties.
- 12.11 This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation with the same force and effect as if such facsimile or “.pdf” signature page was an original thereof.

[Signature Page follows:]

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

IRIS GALERIE:

Iris Galerie Franchising LLC

By: _____

Name: _____

Title: _____

DEVELOPER:

By: _____

Name: _____

Title: _____

EXHIBIT A
GUARANTY AGREEMENT

[Follows:]

GUARANTY AGREEMENT

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of the Iris Galerie Development Agreement (“**Agreement**”) and acknowledges that the execution of this guaranty and the undertakings of Developer’s owners in the Agreement are in partial consideration for the granting of this franchise, and that Iris Galerie would not have entered into the Agreement without the execution of this guaranty and such undertakings by each of the undersigned;

(2) Each individually, jointly and severally makes all of the covenants, representations and agreements under the Agreement and is obligated to perform hereunder and thereunder;

(3) Each individually, jointly and severally unconditionally and irrevocably guarantees to Iris Galerie and its affiliates, successors, and assigns that all of your undertakings, obligations, agreements, and covenant under the Agreement will be punctually paid and performed. You are personally bound by and personally liable for the breach of, each and every provision in the Agreement. Upon default by Developer or you or upon notice from Iris Galerie, each will immediately make each payment and perform each obligation required of you under the Agreement. Without affecting the obligations of any of Developer’s owners under this guaranty, Iris Galerie may, without notice to you or any of Developer’s owners, waive, renew, extend, modify, amend or release any of your indebtedness or obligation, or settle, adjust or compromise any claims that Iris Galerie may have against you. Each of Developer’s owners waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by you, any default by you or any guarantor, and any release of any guarantor or other security for the Agreement or your obligations. Iris Galerie may pursue its rights against you or any of Developer’s owners without first exhausting its remedies against you and without joining any other guarantor hereto and no delay on the part of Iris Galerie in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Iris Galerie of any right or remedy shall preclude the further exercise of such right or remedy.

Additionally, with respect to the individual designated as Principal Owner, Principal Owners acknowledges that the undertakings by Principal Owner under the Agreement are made and given in partial consideration of, and as a condition to, Iris Galerie grant of rights to develop and/or operate Iris Galerie franchised business; Principal Owner individually, jointly and severally makes all of the covenants, representations and agreements of Principal Owner and you set forth in the Agreement and is obligated to perform hereunder and thereunder.

[Signature Page follows:]

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty as of the date of the Agreement.

YOUR OWNERS/ADDRESS:

* _____
Address:

Address:

Address:

* Denotes individual who is your Principal Owner

**Exhibit C to the
FRANCHISE DISCLOSURE DOCUMENT**

**STATE SPECIFIC ADDENDA TO THE
FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT**

CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

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

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

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

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to any late fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

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

The Franchise Agreement requires non-binding mediation and litigation. The non-binding mediation and litigation will occur in New Castle County, Delaware. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

**CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT AND AREA
DEVELOPMENT AGREEMENT**

**ALL FRANCHISE AGREEMENTS AND AREA DEVELOPMENT AGREEMENTS EXECUTED
IN AND OPERATIVE WITHIN THE STATE OF INDIANA ARE HEREBY AMENDED AS
FOLLOWS:**

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement or Area Development Agreement, to the extent that the Franchise Agreement or Area Development Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

The franchise agreement requires the franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of franchisee's rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of franchisee's rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement and Development Agreement require application of the laws of Delaware. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement or Area Development Agreement is inconsistent with the law, the law will control.

The Franchise Agreement and Area Development Agreement requires non-binding mediation and litigation. The mediation and litigation will occur in New Castle County, Delaware. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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

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

4. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on

behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

IRIS GALERIE FRANCHISING LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

ILLINOIS ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT

Illinois law shall apply to and govern the Franchise Agreement(s).

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

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

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

Each provision of this addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this addendum. This addendum shall have no force or effect if such jurisdictional requirements are not met.

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

FRANCHISOR

FRANCHISEE

IRIS GALERIE FRANCHISING LLC

[FRANCHISE ENTITY NAME]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

-or-

[INDIVIDUAL NAME]

[NAME], Individually

Date: _____

**ILLINOIS ADDENDA TO THE FRANCHISE AGREEMENT AND
DEVELOPMENT AGREEMENT**

Illinois law shall apply to and govern the Franchise Agreement(s) and Development Agreement.

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

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

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

The initial training period for this franchise is two weeks in Niagara Falls, Ontario, Canada. You will be required to pay for all travel expenses, including airlines costs and lodging, for you and 2-3 additional employees.

FRANCHISOR

IRIS GALERIE FRANCHISING LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE/DEVELOPER

[FRANCHISE ENTITY NAME]

By: _____

Name: _____

Title: _____

Date: _____

-or-

[INDIVIDUAL NAME]

[NAME], Individually

Date: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

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

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

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

Exhibit G, Additional Disclosure:

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

MARYLAND ADDENDUM TO
FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement or Development Agreement to the extent that the Franchise Agreement or Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

Nothing in the Franchise Agreement or the Development Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

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

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

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

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

IRIS GALERIE FRANCHISING LLC

By: _____

Its: _____

Date: _____

FRANCHISEE:

By: _____

Its: _____

Date: _____

NEW YORK ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT

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

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

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

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer": However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the

regulations issued thereunder shall remain in force; this proviso intends that the nonwaiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by a franchisee”: “You may terminate the agreement on any grounds available by law.”

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum,” and Item 17(w), titled “Choice of law”: The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

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

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

NEW YORK ADDENDUM TO
FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

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

1. Notwithstanding anything to the contrary contained in the Franchise Agreement or Development Agreement, to the extent that the Franchise Agreement or Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

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

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

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:
IRIS GALERIE FRANCHISING LLC

FRANCHISEE:

By: _____

Its: _____

Date: _____

By: _____

Its: _____

Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

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

Exhibit G, Additional Disclosure:

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

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement or Development Agreement, to the extent that the Franchise Agreement or Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

IRIS GALERIE FRANCHISING LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 1. Additional Disclosure:

We will not sit on your board in connection with obtaining any required permits, registrations or licenses in the state of Washington.

Item 17. Additional Disclosure:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon

at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Exhibit G, Additional Disclosure:

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

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

1. Notwithstanding anything to the contrary contained in the Franchise Agreement or Development Agreement, to the extent that the Franchise Agreement or Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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

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

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

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

IRIS GALERIE FRANCHISING LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

WISCONSIN ADDENDUM TO
FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

To the extent the Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07, applies, the terms of this Addendum apply.

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07, will supersede any conflicting terms of the Franchise Agreement.

2. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Development Agreement, the terms of this Addendum shall govern.

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

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

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

IRIS GALERIE FRANCHISING LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

**Exhibit D to the
FRANCHISE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS**

IRIS GALERIE FRANCHISING LLC

INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 26, 2024 TO FEBRUARY 29, 2024

IRIS GALERIE FRANCHISING LLC

INDEX TO INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 26, 2024 TO FEBRUARY 29, 2024

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INDEPENDENT AUDITOR'S REPORT

Managers and sole member
Iris Galerie Franchising LLC
Toronto, Ontario, Canada

Opinion

We have audited the interim financial statements of Iris Galerie Franchising LLC, which comprise the balance sheet as of February 29, 2024 and the related statements of operations and cash flows for the period then ended, and the related notes to the interim financial statements (collectively referred to as the financial information).

In our opinion, the accompanying interim financial statements present fairly, in all material respects, the financial position of Iris Galerie Franchising LLC as of February 29, 2024, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



INDEPENDENT AUDITOR'S REPORT
(Continued)

Auditor's Responsibilities for the Audit of the Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Iris Galerie 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Iris Galerie 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.

Malesys & Trost CPA PLLC

Malesys & Trost CPA PLLC

Washington, D.C.
April 5, 2024

IRIS GALERIE FRANCHISING LLC

**BALANCE SHEET
FEBRUARY 29, 2024
(In US dollars)**

ASSETS

	<u>February 29, 2024</u>
Current assets (Note 2)	-
Total current assets	<u>-</u>
Other assets	-
Total other assets	<u>-</u>
Total assets	<u>\$ -</u>

LIABILITIES AND MEMBER'S DEFICIT

	<u>February 29, 2024</u>
Current liabilities	
Related party payables (Note 3)	48,756
Accrued expenses and other current liabilities	17,362
Total current liabilities	<u>66,117</u>
Long-term liabilities	-
Total long-term liabilities	<u>-</u>
Total liabilities	<u>66,117</u>
Member's deficit (Note 4)	(66,117)
Total liabilities and member's deficit	<u>\$ -</u>

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

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IRIS GALERIE FRANCHISING LLC

**STATEMENT OF OPERATIONS
FOR THE PERIOD FROM JANUARY 26, 2024 TO FEBRUARY 29, 2024
(In US dollars)**

	<u>January 26, 2024 to February 29, 2024</u>
Revenues (Note 2)	-
Gross profit	<u>-</u>
General and administrative expenses	66,117
Total operating expenses	<u>66,117</u>
Operating loss	(66,117)
Other income (expenses)	-
Total other (expenses) income	<u>-</u>
Net loss	<u>\$ (66,117)</u>

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

- 6 -

IRIS GALERIE FRANCHISING LLC

**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 26, 2024 TO FEBRUARY 29, 2024
(In US dollars)**

	<u>January 26, 2024</u> <u>to February 29, 2024</u>
Cash flows from operating activities:	
Net loss	\$ (66,117)
Adjustments to reconcile net loss to net cash used by operations:	-
Increase (decrease) in:	
Related party payables	48,756
Accrued expenses and other current liabilities	17,362
Net cash used by operating activities	-
Cash flows from investing activities	-
Net cash used by investing activities	-
Cash flows from financing activities	-
Net cash used by financing activities	-
Net change in cash and cash equivalents	\$ -
Cash and cash equivalents - beginning of the period	\$ -
Cash and cash equivalents - end of the period	\$ -
Supplemental disclosures of cash flow information:	
Interests paid during the period	-
Income taxes paid during the period	-

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

- 7 -

IRIS GALERIE FRANCHISING LLC

NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 26, 2024 TO FEBRUARY 29, 2024

Note 1 Presentation of the Group and Nature of Business

Presentation of the Group

Iris Galerie Franchising LLC (“the Company”) is a wholly owned subsidiary of Iris Galerie LLC, a Limited Liability Company formed under the laws of the State of Delaware. Iris Galerie LLC is wholly owned by Iris Galerie SAS, a French corporation. Iris Galerie FL LLC, formed under the laws of the State of Florida, is a wholly owned subsidiary of Iris Galerie LLC.

Iris Galerie SAS has been offering franchises under the “IRIS GALERIE” trademark since 2021 in France, Spain, Italy, Germany, Netherlands, Sweden, and Denmark.

Iris Galerie is a pioneer distribution concept with a vision to make art accessible to everyone. The galleries feature a proprietary line of unique eye-centric art photographs, using a technique of photographing the iris of customers with a photographing machine, iris photographing device with a mirror, and a software application (“Photography Kit”) that allows prints of various formats and materials of these artistic images to be produced.

Each franchisee operates a business that sells iris art photography and other related products and services on a consignment basis, under the IRIS GALERIE’s trademark according to the systems and processes owned and developed by Iris Galerie.

Nature of Business

The Company was formed on January 26, 2024 under the laws of the State of Delaware and intends to act as a franchisor on the US market, receiving a commission from the franchisees amounting to 45% of sales generated by the sale of products at the galleries.

The Company only incurred startup expenses and legal fees for the period from January 26, 2024, to February 29, 2024.

Note 2 Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

IRIS GALERIE FRANCHISING LLC

**NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 26, 2024 TO FEBRUARY 29, 2024**

(Continued)

Note 2 Significant Accounting Policies (Continued)

Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes

As a single member Limited Liability Company, Iris Galerie Franchising LLC is treated as an entity disregarded as separate from its owner for federal income tax purposes. Accordingly, no provision for federal income taxes was included in the financial statements. Other state and local taxes were expensed in the current period and included to the extent applicable.

Revenue Recognition

The Company will account for revenue in accordance with FASB ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). Under this guidance, the Company recognizes revenues using the five-step revenue recognition model in which an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company did not generate any revenue for the period from January 26, 2024 to February 29, 2024.

Foreign Currency Transactions

Transactions with foreign entities are translated using the exchange rate in effect on the date of the transaction. Any outstanding receivable or payable balances at year-end are adjusted using a period end exchange rate.

IRIS GALERIE FRANCHISING LLC

**NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 26, 2024 TO FEBRUARY 29, 2024**

(Continued)

Note 2 Significant Accounting Policies (Continued)

Fair Value Measurements

Assets and liabilities recorded at fair value on a recurring basis in the balance sheet would be categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level I—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level II—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level III—Unobservable inputs that are supported by little or no market data for the related assets or liabilities.

The carrying amount of the Company's financial instruments, including accounts payable and accrued expenses, approximates their respective fair values because of their short maturities. The fair value of the amounts due to affiliates cannot be determined due to the related party nature of the loans.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "Leases" (Topic 842), which superseded the lease recognition requirements in Accounting Standards Codification Topic 840, "Leases," with several updates to the ASU having subsequently been issued. The core principle of the guidance is that an entity should recognize right-of-use assets and liabilities arising from leases along with additional qualitative and quantitative disclosures. Under the new standard, leases previously classified as capital leases are presented as finance leases. Finance leases have substantially similar criteria and disclosure requirements as capital leases under the previous standard. The Company did not enter any lease agreement for the period from January 26, 2024 to February 29, 2024.

IRIS GALERIE FRANCHISING LLC
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 26, 2024 TO FEBRUARY 29, 2024

(Continued)

Note 3 Related Party Payables

As of February 29, 2024, related party payables were as follows:

<u>Description</u>	<u>February 29, 2024</u>
Related party payables	
Iris Galerie Canada Inc	\$ 34,175
Iris Galerie FL LLC	<u>\$ 14,581</u>
Total related party payables	<u>\$ 48,756</u>

Note 4 Member's Deficit

The change in member's deficit for the period ended February 29, 2024 is as follows:

	<u>Amount</u>
Member's deficit, January 26, 2024	<u> -</u>
Net loss	<u> (66,117)</u>
Member's deficit, February 29, 2024	<u>\$ (66,117)</u>

Note 5 Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the financial statements, the Company has a balance of accumulated deficit of \$66,117 as of February 29, 2024. As of that date, the Company's current liabilities exceeded its current assets by \$66,117. These factors indicate that without the continued support of its Parent, Iris Galerie SAS, the Company may be unable to continue in existence.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

IRIS GALERIE FRANCHISING LLC
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 26, 2024 TO FEBRUARY 29, 2024

(Continued)

Note 6 Subsequent Events

The Company has evaluated subsequent events through April 5, 2024 the date the financial statements were available to be issued. No subsequent events occurred during the period from February 29, 2024, to April 5, 2024.

**Balance Sheet as of
March 8, 2024 (in U.S. Dollars)**

	8 March 2024
Assets	
Cash	200 000
Other current assets	0
Total current assets	200 000
Deposits	0
Fixed assets	0
Intangible assets	0
Total long-term assets	0
TOTAL ASSETS	200 000
Liabilities	
Income taxes payable	0
Current-portion of long-term debt	0
Total current liabilities	0
Long-term debt	0
Advance from parent company, without interest	0
Total long-term liabilities	0
TOTAL LIABILITIES	0
Paid-in-Capital	200 000
Retained earnings	0
Total shareholder's equity	200 000
TOTAL	200 000

**Exhibit E to the
FRANCHISE DISCLOSURE DOCUMENT**

TABLE OF CONTENTS OF MANUAL

The components of the operational manual are online system currently under the name “HelpDesk”. The current main components of the operational manual are:

- 1) Training
 - a) Welcome to Iris Galerie - 18 pgs.
 - b) Technical Training - 32 pgs.

- 2) Technical
 - a) Camera Device - 2 pgs.
 - b) Flash - 2 pgs
 - c) Printing - 3 pgs.
 - d) Memory and Cash memory – 2pgs.
 - e) Disk - 2pgs.

- 3) Process
 - a) Onboarding Process - 19 pgs.
 - b) Onboarding Influencer - 7 pgs.
 - c) Cash Process - 10 pgs.
 - d) Galerie Opening and Closure – 2 pgs.
 - e) Daily reporting process – 2 pgs.
 - f) Gift Card Process - 10 pgs.
 - g) Inventory - 30 pgs.

**Exhibit F to the
FRANCHISE DISCLOSURE DOCUMENT
LIST OF CURRENT AND FORMER FRANCHISEES**

None.

**Exhibit G to the
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

NOTE: SOME STATES REQUIRE THAT THE FRANCHISE BE REGISTERED WITH A STATE AGENCY. WE DO NOT OFFER OR SELL FRANCHISES IN ANY OF THOSE STATES UNLESS WE ARE REGISTERED, AND THE LISTING OF A STATE BELOW DOES NOT MEAN THAT WE ARE SO REGISTERED.

State Agencies

California

Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 557-3787
(866) 275-2677

Florida

Department of Agriculture and Consumer Services
Division of Consumer Services
227 N. Bronough Street
City Centre Building, 7th Floor
Tallahassee, FL 32301
(904) 922-2770

Hawaii

Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington St.
Room E-11
Indianapolis, IN 46204
(317) 232-6681

Maryland

Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan

Attorney General
Consumer Protection Division
Antitrust and Franchise Unit

Agents for Service of Process

California

Commissioner of the Dept. of Financial Protection
and Innovation
California Dept. of Corporations
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
(866) 275-2677

Hawaii

Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan

Department of Commerce,
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
(517) 334-6212

Minnesota

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(612) 296-4026

State Agencies

525 W. Ottawa Street
G. Mennen Williams Bldg. 1st Fl
Lansing, MI 48913
(517) 373-7117

Minnesota

Department of Commerce
Registration and Licensing
85 7th Place East, Suite 500
St. Paul, MN 55101
(612) 296-6328

Nebraska

Department of Banking and Finance
1526 K Street, Suite 300
P.O. Box 95006
Lincoln, NE 68508
(402) 471-3445

New York

NY State Attorney General
Division of Economic Justice
Investor Protection Bureau
28 Liberty Street
New York, NY 10005
(212) 416-8236 Phone

North Dakota

North Dakota Securities Department
600 East Boulevard, State Capitol, 5th Floor, Dept. 4
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Dept. of Ins. and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island

Dept. of Business Regulation
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903
(401) 222-3048

South Dakota

Division of Insurance

Agents for Service of Process

New York

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

North Dakota

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

Oregon

Director of Oregon
Department of Insurance and Finance
700 Summer Street, N.E., Suite 120
Salem, Oregon 97310
(503) 378-4387

Rhode Island

Director of Rhode Island
Department of Business Regulation
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
(401) 222-3048

South Dakota

Director of South Dakota Division of Insurance
124 S Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9733

Washington

Securities Administrator
Department of Financial Institutions
150 Israel Rd.
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

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2024 Franchise Disclosure Document

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State Agencies

Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Texas

Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

Virginia

State Corporation Commission
Division of Securities and
Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington

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

Wisconsin

Department of Financial Institutions Div. of
Securities
345 W. Washington Ave., 4th Fl
Madison, WI 53703
(608) 261-9555

Agents for Service of Process

Wisconsin Commissioner of Securities
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 261-9555

**Exhibit H to the
FRANCHISE DISCLOSURE DOCUMENT**

GENERAL RELEASE AGREEMENT

THIS AGREEMENT (“Agreement”) is made and entered into this ____ day of _____, 20__ by and between Iris Galerie Franchising, LLC, a Delaware limited liability company having its principal place of business located at 3080 Yonge Street, Suite 5004, Toronto, Ontario, M4N 3N1 (the “Franchisor”), and _____, an individual residing at _____ OR _____ (hereinafter referred to as “Releasor”), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. Release by Releasor:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises, covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys’ fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Delaware law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Delaware.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:

RELEASOR:

(Name)

Witness:

IRIS GALERIE FRANCHISING LLC:

By: _____

Name: _____

Title: _____

**Exhibit I to the
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, Florida, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Utah, Virginia, Washington and Wisconsin.

The Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California	
Florida	04/01/2024
Hawaii	
Illinois	
Kentucky	03/14/2024
Nebraska	03/14/2024
New York	
Maryland	
Michigan	
Texas	03/26/2024
Utah	03/15/2024
Virginia	
Washington	
Wisconsin	

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

**Exhibit J to the
FRANCHISE DISCLOSURE DOCUMENT**

[Follows:]

**RECEIPT
(YOUR COPY)**

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

If Iris Galerie 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 grant.

New York and Rhode Island require that we give you this disclosure document at the earliest of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Iris Galerie 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, DC 20580 and the appropriate state agency listed on Exhibit G.

The franchisor is Iris Galerie Franchising LLC, located at 3080 Yonge Street, Suite 5004, Toronto, Ontario, M4N 3N1, (437) 422-4232.

Issuance date: March 8, 2024.

The franchise sellers for this offering are: [_____] and Robert Mitchell, c/o Iris Galerie Franchising, LLC at 3080 Yonge Street, Suite 5004, Toronto, Ontario, M4N 3N1, (437) 422-4232.

Iris Galerie Franchising LLC authorizes the agents listed in Exhibit G to receive service of process for it.

I have received a disclosure document dated March 8, 2024, that included the following Exhibits:

A – Franchise Agreement	F – List of Current and Former Franchisees
B – Area Development Agreement	G – List of State Agencies/Agents for Service of Process
C – State Specific Addenda to FDD and Franchise Agreement	H – General Release Agreement
D – Financial Statements	I – State Effective Dates
E – Table of Contents of Manual	J – Receipts

Date: _____
(Do not leave blank)

Signature of Prospective Area Developer

Print Name

**RECEIPT
(RETURN ONE COPY TO US)**

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 Iris Galerie 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 grant.

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C – State Specific Addenda to FDD and Franchise Agreement	H – General Release Agreement
D – Financial Statements	I – State Effective Dates
E – Table of Contents of Manual	J – Receipts

Date: _____
(Do not leave blank)

Signature of Prospective Area Developer

Print Name

You may return the signed receipt either by signing, dating and mailing it to: Attn: Thomas Laurent, c/o Iris Galerie Franchising LLC, located at 3080 Yonge Street, Suite 5004, Toronto, Ontario, M4N 3N1.