

## FRANCHISE AGREEMENT

In order to successfully market products and services, improve the market and business cooperation between the contracting parties, for the purpose of meeting the prerequisites for signing an agreement with the Franchisees in order to achieve better business results and mutual interest, the contracting parties conclude the following:

## FRANCHISE AGREEMENT

“Branko Babić-Microblading Academy” from Belgrade, Voždovac, Jove Ilića 197, company No. 21030309, TIN 108591629, represented by director Branko Babić (hereinafter: Franchisor)

\_\_\_\_\_ first and last name \_\_\_\_\_

(hereinafter: Franchisee)

### INTRODUCTORY PROVISIONS

#### Article 1

This Agreement confirms that the Franchisor has been active on the global market since 1992.

The Franchisor has, on the grounds of their multi-year research, developed a successful and unique system in providing services, distribution and sale of a product significantly different from the operation of other Systems in the field of beauty.

The Franchisor is a service provider and distributor under the name PhiBrows, a brand protected at the Intellectual Property Office for the entire global market.

The real context of the system of the Franchisor shows a high service quality, hence the services and products marked by the PhiBrows seal have become the most recognizable brand on the global market. The Franchisee, keeping in mind the facts stated in the previous paragraphs of this agreement, wishes to establish turnover and business cooperation with the Franchisor, to thus enter the distribution and sale system of the Franchisor and apply their ways and methods of operation, with the use of constant consulting of the Franchisor.

The contracting parties hereto shall agree that the Franchisor shall conclude with the Franchisee an agreement on providing services and sale of products.

### COMMON OBJECTIVES

#### Article 2

The contracting parties have agreed that the common business objectives are as follows:

- increasing service delivery and sale on the market of the location in question,
- achieving cost effectiveness by service delivery and sale of products through the use of the Franchisor’s concept.

Article 3

In order to achieve the common objectives, the contracting parties have agreed on the following:

- business relations between the contracting parties are based on mutual cooperation and assistance in daily operations.

SUBJECT OF THE AGREEMENT

Article 4

With this Agreement, in the manner and under the terms foreseen in subsequent provisions, the Franchisor entrusts the Franchisee with providing services and selling products from the manufacturer’s production program.

In that sense, the contracting parties hereto shall agree that the subject of this Agreement is as follows:

- assignment of service delivery, distribution and sale of the agreed products, with the use of:
- trade name, mark or formula of the Franchisor’s operation
- regulation of the use of product trademark
- providing know-how for the purpose of marketing the product and service

The contracting parties hereto shall agree that all obligations of the Franchisor stated in Articles 5 and 6 constitute the “service package” which the Franchisor assigns to or fulfills to the benefit of the Franchisee.

OBLIGATIONS OF THE FRANCHISOR

Article 5

In order to achieve the purpose of the agreement, the Franchisor shall undertake to do the following for the Franchisee:

- approve the space the Franchisee has chosen for service delivery and sale of goods
- make a preliminary design for the space, with a predefined price
- manufacture the equipment required for the operation of the salon, deliver the equipment and provide all the necessary technical assistance in assembly, with a predefined price
- transfer the rights and obligations for providing services and distribution of certain products or group of products in a certain territory to the office space in City ..... Address ..... Number ....., previously adapted for the purpose of service delivery and sale of goods
- assign the rights to the use of a trade and service seal (for the distinction of products and services)
- assign the rights to the use of the business name, memorandum and other commercial marks (for the distinction of the company)
- give know-how (technical secret methods of IT software and hardware, specifications, procedure and methods of business knowledge in methods of winning over consumers, know-how in organizing product marketing
- supervise (for the purpose of protecting the trademark, goodwill, standards, supply of goods and services)
- provide a number of additional services in order to facilitate and start the operations foreseen under the agreement

- guarantee to refrain from any sort of discrimination against or privileging of any of the Franchisees.

## OBLIGATIONS OF THE FRANCHISEE

### Article 6

- The Franchisee shall undertake to carry out the entrusted tasks, further described in Article 4 of this Agreement, in the manner and within deadlines that ensure the appropriate quality and continuity of services, all in accordance with the provisions of this Agreement.
- The Franchisee shall provide the entrusted type of service at the location in the place whereto this Agreement refers.
- The Franchisee shall undertake, in the event that any disruption or discontinuation occurs during the term of the Agreement in providing the services agreed, due to a force majeure, to as swiftly as possible upon the cessation of such circumstances establish the agreed regime of service delivery in a manner that shall meet the needs of service users.
- The Franchisee shall undertake to adhere in operation to all instructions and prescribed business standards (company organization, sale etc.)
- The Franchisee shall undertake to allow the Franchisor control of operation during the entire term of the agreement.
  - The Franchisee (for the distinction of products and services) shall undertake to exclusively exercise the right to use the trade and service seal, business name, memorandum and other commercial marks (for the distinction of the company), know-how (technical secret methods of IT software and hardware, specifications, procedure and methods or business knowledge in methods of winning over consumers, know-how in organizing product marketing, as well as knowledge of financing and calculation basics), transferred by the Franchisor.

## CONFIDENTIALITY

### Article 7

The contracting parties shall undertake, while this Agreement is in force or after the expiration thereof for a period of 5 years, not to disclose or in any way impermissibly use the information pertaining to the operation of the other contracting party or the operations or products which have become available to the Franchisor or Franchisee during the performance of activities stated in this Agreement, except to the extent stemming from the objectives of this Agreement and the fulfillment of contractual obligations toward the other contracting party.

## RESPONSIBILITIES OF THE CONTRACTING PARTIES

### Article 8

The contracting parties hereto shall agree to be liable to each other for damage incurred as a result of failure to fulfill obligations in the manner and within the deadline envisaged under this Agreement.

## TERM OF AGREEMENT

### Article 9

The contracting parties have agreed to assign the subject of the franchise to the Franchisee for a period of 3 (three) years from \_\_\_date \_\_\_ to \_\_\_date \_\_\_, and after expiration, unless a consensual termination is signed, this Agreement may, with an annex, be extended for another three years.

The parties agree that the Franchisee has the right and obligation to start preparing the above stated terms on the date of the signing of the Agreement.

## TERMINATION OF AGREEMENT

### Article 10

- The Franchisor is entitled to unilaterally terminate the Agreement in the event of disruption of continuous, lasting and quality provision of services which are the subject of this Agreement and obligations of the Franchisee, which could not be resolved in accordance with the Agreement.
- If the Franchisee provides services or sells goods not permitted by the Franchisor.

### Article 11

If the Agreement has been terminated by fault of one party, the other party is entitled to lost-profit damages in accordance with the amounts projected in the concept of the project, under the general rules of the law of contract and torts.

## DISPUTE RESOLUTION

### Article 12

When the Franchisor deems that the Franchisee is not fulfilling their contractual obligation, they are obligated to deliver to the Franchisee a written note containing a detailed description of the identified irregularities. In the event that the Franchisee concurs with the facts stated in the note, they are obligated to deliver a written reply to the Franchisor, within 24 hours of the date of receipt of the note, containing a specific proposal for the manner and deadlines of eliminating the identified irregularities, and to eliminate said irregularities within a further 24 hours.

### Article 13

In the event of a potential dispute, the contracting parties shall attempt to resolve the same consensually, and in that sense undertake to conscientiously enter into negotiations, starting primarily from the objectives for which the Agreement was concluded and real economic parameters.

## COURT JURISDICTION AND APPLICABLE LAW

Article 14

In the event that the potential dispute is not resolved by negotiations, in the manner defined in the previous article of the Agreement, the contracting parties shall agree on court jurisdiction at the choice of the Franchisor.

AGREEMENT INTERPRETATION

Article 15

This Agreement shall be deemed concluded as of the date of signing by authorized representatives of the contracting parties and shall come into force immediately. This Agreement constitutes the entire agreement of the contracting parties and its signing ceases the validity of all potential written or oral agreements and arrangements pertaining to the same subject matter.

The deadline for the fulfillment of the above-stated terms by the Franchisee starts as of the date of signing of the Agreement.

Amendments to this Agreement shall not produce legal effect, unless composed in written form.

None of the contracting parties shall be deemed to have abandoned a provision of this Agreement, unless they have done so in written form. Waiver by any of the parties of a demand regarding a particular provision of this Agreement is not and cannot be construed as waiver of another provision of this Agreement or of a future demand following a violation whereto the waiver refers.

Extension of the deadline for fulfilling an obligation or activity under this Agreement is not deemed an extension of the deadline for the fulfillment of any other obligation or activity.

OTHER PROVISIONS

Article 16

This Agreement is made in 2 (two) identical copies, with each party holding one copy after the signing.

NOTE:

Each page of the Agreement shall be initialed by the contracting parties, thereby verifying that the parties are familiar with the text of the Agreement and all its articles, that they have understood the same, and without objections thereto, as an expression of their will, sign

On behalf of the Franchisor:

\_\_\_\_\_

On behalf of the Franchisee:

\_\_\_\_\_

Belgrade,

