

MEMORANDUM OF UNDERSTANDING

THE PARTIES

Mr. Giancarlo Galati, born on _____ in _____, co-owner and CEO of 2morrowmodel SRL and other model agencies, domiciled in _____ from now on the "Operating Investor"

Ms. [REDACTED], born on _____ in _____, a Financial Investor with the intention to acquire a stake in new modeling agencies operating in Europe, domiciled in _____ from now on the "Financial Investor"

AGREEMENT

- 1.1. The Financial Investor and the Operating Investor will join forces to open new modeling agencies in Europe, starting from one in Paris and one in London (from now on the "operating model agencies"). In the future the parties will freely agree in good faith on new openings in case the financing described in point 1.6. will not be entirely utilized for the first 2 openings (Paris and London).
- 1.2. The operating model agencies will be owned by a holding company to be established under Swiss law, with shares to the bearer.
- 1.3. The parties agree to have a share of 50-50 for the holding company and for all the agencies that they will open together.
- 1.4. If for any reason the operating model agency in any given jurisdiction cannot be fully owned by the Swiss holding company, the parties agree that they will directly own the shares respecting the 50-50 equal split.
- 1.5. As a general principle that supersedes any other point in this agreement, the Operating Investor will manage the daily operations of all companies with a good level of autonomy and flexibility in the interest of the companies and to support their growth. In any case to protect the Financial investor these two clear limits to his powers are clearly stipulated:
 - 1.5.1. The Operating Investor cannot leverage the companies with extra debt not coming from the Financial Investor (as explained in point 1.7.2.2.)
 - 1.5.2. The Operating Investor has a clear ceiling of yearly spend that is approved by the Financial Investor in writing after presenting the budget each year. To surpass this level of overall spending and request extra money, a new written consent of the Financial Investor is necessary. The Operating investor will be able to, always within the total amount approved, readjust

during the year the spending in one voice of expense to compensate another. In this case he will have to inform the Financial Investor. For example if during the year the tickets paid for models are below target but that money is paid to offer apartment to models are higher, as long as the overall yearly spend for all the expenses is respected, the Operating Investor has to inform the Financial Investor to his best capabilities, providing explanations. If the overall yearly spend is set to exceed the amount approved, the Operating Investor must ask for a meeting with the Financial Investor and ask for preemptive approval to spend more than the original budget. If the Financial Investor does not approve, the original budgeted level of expense cannot be surpassed by the Operating Investor.

1.6. The Operating Investor will support the openings with

- 1.6.1. 30'000 EUR as equity financing to be conferred at the start of the holding company in Switzerland (tentatively May 2014).
- 1.6.2. His expertise, his leadership and his connections to ensure the success of the new ventures. He shall receive no compensation for this effort until the companies have fully repaid the debt towards the Financial Investor (as described in point 1.7.2.). Only the expenses for travels, accommodation and sundry related to the launch and development of the new companies should be borne by the new companies.
- 1.6.3. The experience, leadership and connections of other employees of 2morrow model (e.g., scouters) or other companies as deemed necessary by the Operating Investor to ensure the success of the new ventures. They shall receive no compensation for this effort until the companies have fully repaid the debt towards the Financial Investor (as described in point 1.7.2.). Only the expenses for travels, accommodation and sundry related to the launch and development of the new companies should be borne by the new companies.
- 1.6.4. The creation of yearly budget for each entity to submit to the approval of the Financial Investor.

1.7. The Financial Investor will support the openings with

- 1.7.1. 30'000 EUR as equity financing to be conferred at the start of the holding company in Switzerland (tentatively May 2014)
- 1.7.2. 2'770'000 EUR as debt financing to be conferred as per the business needs described herein
 - 1.7.2.1. Each year a yearly budget will be presented by the Operating Investor to the Financial Investor on how he suggests to best deploy the capital to support the growth of the companies and reach as soon as possible profitability. The budget will be for at least 12 months and by operating agency. In Annex 1 the first year budget for the French Operating agency is presented
 - 1.7.2.2. Both parties will in good faith try to find an agreement on the yearly budget and the Operating Investor will be bound to respect that level of spending and the Financial Investor will provide that capital amount for that year. Under no circumstance the Operating Investor

is allowed, without the previous written consent of the Financial Investor, to raise external financial debt from the companies, leasing included. Both parties agree that the only financial debt of the companies should be the one provided by the Financial Investor. The only exception to this rule is the revolving credit cards that are used by the agencies to purchase tickets and other travel expenses. For this exception only a maximum debt of 30'000 per operating agency is established and the agency should pay it back on a rolling basis every month to the bank.

- 1.7.1.3. In case an agreement is not found on the budget, the Financial Investor will have the final saying in good faith on how the money should be best invested to reach profitability as soon as possible for the operating agencies and the Operating Investor will have to respect these wishes. The amount of total investment should be bound to the total expressed in 1.6.2. and should be deployed by the Financial Investor within maximum 4 years from the signature of this agreement in similar yearly installments (approx. 750'000 EUR per year).
- 1.7.1.4. Both parties agree that the debt in point 1.6.2. should bear a yearly interest of 6%. This interest will be added to the overall debt of the companies towards the Financial Investor
- 1.7.1.5. Both parties agree that the debt should be wired to the companies (holding or operating companies) at the beginning of the first 4 years after the budget approval, then the companies should be able to repay it entirely with the interests in the following 2-3 years. This is not a hard deadline as depending on the companies performance the payback can be faster or slower. In any case, so that the Operating Investor is incentivized to repay the debt quickly to the Financial Investor, no other dividend or distributions can be completed to the Operating Investor nor any salary or other compensation (other than travel expenses) can be paid to the Operating Investor without the debt and its interests being completely repaid to the Financial Investor.
- 1.7.1.6. To ensure point 1.6.2.5., the Financial Investor can at any time and at its sole discretion, directly or through an auditor, verify the spending and other accounting practices of any of the companies (operating agencies or the holding). The work of the auditors should be done in respect to the operations of the companies and not create damages to their ordinary activity

- 1.8. The expenses for a possible second booking table for the high-end will have to be approved by both investors for approval
- 1.9. The Financial Investor will have full and complete access to the accounting of the companies owned by the Operating Investor in Italy to verify that there is not any improper transfer of profit among them. The Financial Investor will keep this information confidential and will use it just for the purpose state before in this point

1.10. After the companies have returned to the Financial Investor the original financing and the interests, then the Operating Partner will have even more freedom and will be allowed to manage the company with complete freedom. The Financial investor will maintain its rights to inspect at any time the operations and will provide input to the Operating partner that in any case will be independently take the business decisions to best support the growth of the company

NEXT STEPS

- 2.1. Both parties agree that
 - 2.1.1. Over the next 4 weeks and in any case before the end of June 2014, the holding company will be set up and funded with 60'000 Euros by both parties as equity (30'000 Euros each).
 - 2.1.2. A budget for the first year for the French agency will be approved with the signature of this agreement (Appendix 1).
 - 2.1.3. The French agency will be the first one to be set up and will be created in the immediate weeks following the setup of the holding company. Target is to have (as per Appendix 1) a French company that can be set up in June/July 2014 and can operate starting from September with an approved license.

MISCELLANEOUS

- 3.1. Integrity. If any stipulation of this Agreement comes to be declared null and void or inapplicable, the other stipulations of this Agreement will continue to have the same effects as they did previously. The Parties shall then undertake to agree on an alternative valid stipulation of equivalent effect, which reflects their original intention at the time the Agreement was concluded.
- 3.2. Amendments to the Contract. Any amendment to the Contract must be in writing and signed by both Parties.
- 3.3. Annexes to the constitute an integral and substantial part of the Contract.
- 3.4. Any dispute or conflict arising out of or in connection with this Contract shall be finally settled by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers Arbitration Institution (the "Rules") in force on the date when notice of arbitration is submitted in accordance with the Rules.
 - 3.4.1. The arbitral tribunal shall be composed of one to three arbitrators who will be designated in accordance with the Rules.
 - 3.4.2. Any such arbitration award shall be final and binding upon the Parties and may be enforced by action before any court of competent jurisdiction.
 - 3.4.3. The place of arbitration shall be Geneva, Switzerland, and the language of the proceedings shall be English.

LIST OF ANNEXES

Annex 1: Business plan for first year, Paris office

SIGNATURES

Paris, April 2014

Ms. [REDACTED]

Mr. Giancarlo Galati

Annex 1:



Business plan 1st year presentation

France Only

OVERVIEW

Business Plan presentation / Zmorrow Paris

Year 2014 - 2015

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Invoicing	719.000	840.000	910.000	1100.000	1300.000	1300.000	1300.000	1300.000	1300.000	1300.000	1300.000	1300.000	1300.000	1300.000	
Monthly FC	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	
curr. P&L	34.700.000	35.000.000	35.300.000	35.600.000	35.900.000	36.200.000	36.500.000	36.800.000	37.100.000	37.400.000	37.700.000	38.000.000	38.300.000	38.600.000	

- Company to start working in June 2014 for September launch
- Total invoicing from September 2014 to August 2014 1,55M Eur
- Clear explanation of all expenses in following slides, validate as much as possible with local experts and Italian internal benchmarks where applicable (e.g., tickets)
- License already applied for and awaiting just incorporation for approval
- Overall financing requested for year 1 until Aug 15 is 668'000 Eur
 - From Aug 15, second full year should require a further investment of 63k Eur; however the details will be presented with next year budget and there will be a higher cash request for a march cash requirement peak.
 - Third year the company has to be cash flow positive



Invoicing NO VAT

Business Plan presentation / Zmorrow Paris

Year 2014 - 2015

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Invoicing	719.000	840.000	910.000	1100.000	1300.000	1300.000	1300.000	1300.000	1300.000	1300.000	1300.000	1300.000	1300.000	1300.000	
Men	-	-	-	-	-	-	-	-	-	137.000	137.000	137.000	137.000	137.000	
Women	-	-	-	719.000	840.000	910.000	1100.000	1300.000	1300.000	1300.000	1300.000	1300.000	1300.000	1300.000	

September 2014:

Assumption 40 models in town



According to our analysis based on the Italian market and comparing it to the Paris market which usually overachieves a +20% of revenue (conservative assumption) - we assume that a model's monthly average revenue is € 2.000 for the first 3 months of stay in town (conservative 50% utilization rate, i.e., only 50% of models will work at € 4.000/month), with a gradually increase of the +10% - 13% from the 4th month on, due to client's fidelity and model's notoriety.

Men invoicing is based on the direct invoicing that last year Zmorrow did from Milano, augmented by 50% because of local presence in Paris.



Fixed costs

Year 2014 - 2015

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Office	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000
Cleaning	-	-	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100
Callcenter	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000
Telephone	-	-	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100
Electricity	-	-	€300	€300	€300	€300	€300	€300	€300	€300	€300	€300	€300	€300	€300
Office supplies	-	-	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100
Tax consultant	€1.000	-	-	-	-	-	-	-	-	€1.000	-	-	-	-	-
Postage + NW	-	-	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100
Work consultant	€1.000	-	-	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000

Zero cost for temporary office for license; we should be able to provide it with friends. Then 2500/month and 3 months deposit in first month. 100 sq m is semi-control

Preparation work plan, opening callcenter usage
Installation of SW (proprietary + adobe + office)

VOIP installation for 10 internal numbers
iMBA style furnishing, same amount spent in Italy for Nologo and costs are similar in Italy, HK and IT

Modification of SW for France after 6 months operations

LAN + 6 computers x \$50 each



Fixed costs

Year 2014 - 2015

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Other office costs	€1.000	€1.000	-	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000
Taxes paid	-	-	-	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000
Bank commission + debt	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100	€100
Work consultant	€1.000	-	-	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000

Second license to operate in France. First 1000 already paid by morrow

Setup costs France company, estimate

Cost aligned with Italian expenses and confirmed preliminarily by French law advisor

International wins 15 x 10 wins/month + 6% yearly interest on debt



Fixed costs

Year 2014 - 2015

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Salaries	€ 1.500	€ 1.200	€ 1.000	€ 1.600	€ 1.800	€ 1.600	€ 1.500	€ 1.200	€ 1.000	€ 1.200	€ 1.400	€ 1.600	€ 1.800	€ 1.600	€ 1.800
Social charges	€ 1.100	€ 1.100	€ 1.100	€ 1.000	€ 1.200	€ 1.000	€ 1.100	€ 1.100	€ 1.000	€ 1.100	€ 1.200	€ 1.200	€ 1.100	€ 1.100	€ 1.200
Modis social charges	-	-	-	€ 900	€ 900	€ 1.000	€ 1.000	€ 1.000	€ 1.000	€ 1.000	€ 1.000	€ 1.000	€ 1.000	€ 1.000	€ 1.000

One assistant to set up

6 employees

13.01 month french law

7 employees

5 mid level bookers @ 4000 each

2 Assistants @ 1500 each

1 Traffic and Operations manager @ 5500

No results included

No CEO included

 morrow

Variable costs

Year 2014 - 2015

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Apart + Residence	-	-	-	€ 2.000	€ 1.800	€ 2.000	€ 2.000	€ 1.800	€ 1.500	€ 2.000	€ 1.800	€ 2.000	€ 1.800	€ 2.000	€ 2.000
Driver	-	-	-	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300
Taxi	-	-	-	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300
Mail	-	-	-	€ 30	€ 30	€ 30	€ 30	€ 30	€ 30	€ 30	€ 30	€ 30	€ 30	€ 30	€ 30
Messenger	-	-	-	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300	€ 300
Headmaster	-	-	-	€ 300	-	-	-	€ 300	-	-	-	€ 300	-	-	-
Gift to clients	-	-	-	-	-	-	€ 1.000	-	-	-	-	-	-	-	-

Adapted month by month based on number of modis in town

Only for arrivals at beginning of season

Xmas presents to clients

 morrow

Variable costs

Year 2014 - 2015

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Mey	Jun	Jul	Aug
Photographers	-	-	-	€1.000	€1.000	€1.000	-	-	€1.000	€1.000	-	-	€1.000	€1.000	-
Prints	-	-	€1.000	€1.000	€1.000	€1.000	-	-	€1.000	-	€1.000	-	€1.000	€1.000	-
Model payments	-	-	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000
Tickets paid for models	-	-	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000
Mother agency	-	-	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000
Scouting trips	€1.000	€1.000	€1.000	-	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000	€1.000

Strong push for first year to establish new agency. No salaries paid to scouts (€ 1000) that will increase tips for Paris agency

First prints for 3rd arrival

Assumption payment 24 hours after work as in Milan (excluding rights)

Conservative estimate: assuming 30% employment rate for first year

Aligned with Milano costs (some cost for CGO and MIL for flight and other transportation)

morrow