

FRANCHISE DISCLOSURE DOCUMENT



SIMPLY HAIRFREE FRANCHISING II, LLC
d/b/a BODYBRITE
a Minnesota limited liability company

5108 W 78th Street, #390425
Minneapolis, MN 55439
(612) 888-9532
www.bodybriteusa.com
chardy@bodybriteusa.com

Simply HairFree Franchising II, LLC d/b/a BodyBrite offers franchises for the operation of BodyBrite® franchised locations that focus on hair removal, body rejuvenation, minimally invasive skin, face and body treatments, and other beauty services utilizing franchisor's proprietary operating system and marks.

The total investment necessary to begin operation of a franchised location under our Brick and Mortar model is between \$136,648 and \$383,770. This includes \$98,015 to \$217,570 that must be paid to the franchisor or our affiliates. The total investment necessary to begin operation of a franchised location under our "Flex" home-based model is between \$64,998 and \$165,765. This includes \$45,865 to \$115,165 that must be paid to the franchisor or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Christopher Hardy, at 5108 West 74th St., #390425, Minneapolis, MN 55439 or via telephone at 612.888.9532; chardy@bodybriteusa.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency 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: April 8, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B 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 BodyBrite business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a BodyBrite franchisee?	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risk(s) to Consider About *This* Franchise

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

1. **Out of State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, or litigation only in Minnesota. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
4. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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.

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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:

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(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 PROVISIONS 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 FRANCHISED 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 FRANCHISEE 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.

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

* * * *

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.

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU, 2407 N. GRAND RIVER AVE., LANSING, MICHIGAN 48906.

* * * *

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:
STATE OF MICHIGAN DEPARTMENT OF THE ATTORNEY GENERAL

G. MENNEN WILLIAMS BUILDING
525 W. OTTAWA STREET
LANSING, MICHIGAN 48909
TELEPHONE NUMBER: (517) 335-7622

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

To simplify the language in this disclosure document, “franchisor”, “we”, “us” and “our” means Simply Hairfree Franchising II, LLC, the franchisor. “Franchisee”, “you” or “your” means the person, corporation, partnership or other business entity that buys the franchise. If you are a corporation, partnership or other entity, these terms also include your members, partners, shareholders and owners who must sign a personal guaranty agreeing to comply with all provisions of the Franchise Agreement.

The Franchisor

We are a limited liability company formed in the state of Minnesota on May 26, 2016. Our principal business address is 5108 West 74th St., Minneapolis, Minnesota 55439. We do business under our company name and the BodyBrite name. We have offered franchises since September 2016. We have no other business activity. Our agents for service of process are disclosed in Exhibit C. We grant franchises for the establishment, development, and operation of single unit franchised businesses that focus on hair removal, body rejuvenation, minimally invasive skin, face and body treatments, other beauty services, and lotions and related goods and services under the BodyBrite® mark. The precise services offered at a particular BodyBrite location will depend on state regulations. The range of services includes hair removal using intense-pulse light laser devices (“**IPL**”), body rejuvenation, teeth whitening, and minimally invasive skin, face and body treatments. In certain states that require medical supervision of IPL hair removal, BodyBrite locations will need to ensure that they are providing medical supervision that complies with the applicable state and local laws. We do not engage in or offer franchises in any other line of business.

Predecessor, Parents and Affiliates

Our parent is Simply HairFree Holdings, LLC (“**SHF Holdings**”), a Minnesota limited liability company organized on January 27, 2012, whose principal business address is the same as ours. Our parent company does not operate businesses of the type being franchised, nor does it have other business activities other than ownership of us and our affiliates. Our parent is owned by EC Franchising, LLC, a Minnesota limited liability company (“**EC**”) organized on February 22, 2012.

Our predecessor from whom we acquired the majority of our assets is Simply HairFree Franchising, LLC, a Minnesota limited liability company formed on January 27, 2012 (“**SHF I**”). On May 26, 2016, SHF I, which is also owned by SHF Holdings, formed us and contributed its substantial assets to us, including the right to license and franchise the BodyBrite System and SHF I’s then-existing portfolio of franchise agreements. As of the date of this Disclosure Document, SHF I also owns and operates three corporate-owned locations in (i) Baton Rouge, Louisiana, which it acquired in October 2017, (ii) Eden Prairie, Minnesota, which it acquired in April 2021, and (iii) New York, New York, which it acquired in December 2016.

SHF Holdings, through its wholly owned subsidiary IPL Hair Removal, LLC, a New York limited liability company (“**IPL Hair**”), owned and operated a hair removal center in New York beginning in July 2011. In 2013, IPL Hair sold substantially all of its assets, including the New York center, which was owned and operated by a franchisee and which we reacquired as a corporate-owned center in 2016. Also beginning in July 2011, a then-affiliate of SHF Holdings, NuD Development, LLC, a Minnesota limited liability company (“**NuD Development**”) owned and operated a hair removal center in Minnesota. In January 2015, NuD Development sold substantially all of its assets, including the Minnesota center, which was owned and operated by a franchisee and which we reacquired as a corporate-owned center in 2016. Both the New York center and the Minnesota center operated under different marks until May 2012, when they each began

operating under the BodyBrite mark. Both IPL Hair and NuD Development have wound down their operations and no longer exist.

In addition to our parent SHF Holdings, we have an affiliate, Simply HairFree IP, LLC (“**Simply HairFree IP**”), which is a Minnesota limited liability company that was formed on January 27, 2012. Simply HairFree IP serves as the licensor of our trademarks. Simply HairFree IP has the same principal business address as us.

We have another affiliate, Retouch Beauty Company LLC, a Minnesota limited liability company (“**Retouch**”) organized on August 9, 2021, with a principal address that is the same as ours, that will provide certain goods and services to you. You will purchase certain equipment you will use at your location from Retouch. Additionally, if you operate a Brick and Mortar Location, you will also purchase furniture for your reception area and treatment rooms, and certain décor items for your location from Retouch.

We have another affiliate, Britely Marketing Solutions LLC (“**Britely**”), a Minnesota limited liability company organized on March 17, 2021, with a principal address that is the same as ours, that will provide certain goods and services to you. You will purchase digital marketing services and business management system software from Britely.

Other than as described above, neither we, nor our parent or affiliates, have ever offered franchises in this or any other line of business. We have no other affiliates, parents or predecessors.

Franchise Offered

We offer franchises to qualified legal entities and persons for the establishment and operation of BodyBrite franchised locations (“**Franchised Locations**”) to qualified individuals that focus on hair removal, body rejuvenation, minimally invasive skin, face and body treatments, and other beauty services, along with lotions and other cosmetic products. You will receive the right to develop and operate a Franchised Location using our approved BodyBrite services, using our proprietary operating system and marks; recognized designs, décor, and color schemes; distinctive specifications for furniture, fixtures, and wall and ceiling displays; sales techniques; merchandising, marketing, advertising, and inventory management systems; as well as general procedures for operating and managing a hair removal, skin rejuvenation, and skin, face and body treatment center (the “**System**”). We have created and developed, and continue to create and develop, private label products and related products to be offered to the public under any marks we may designate.

Franchised Locations offer products and services under the BodyBrite® trademark and logo and other trademarks, trade names, service marks, and commercial symbols we may authorize (the “**Marks**”). We offer two models for franchised locations: BodyBrite Brick and Mortar Locations and BodyBrite home-based or temporary locations, known as Flex Locations.

A “**Brick and Mortar Location**” operates from a fixed retail location displaying certain interior trade dress, furniture and fixtures, and décor items utilizing our System. Unless otherwise designated, Brick and Mortar Locations operate from retail locations ranging from 1,000- to 1,200 square feet. As of the date of this Disclosure Document, Brick and Mortar Locations are required to offer hair removal, teeth whitening, skin rejuvenation, HydraFacial® services, plasma pen and hyapen services, skincare facials, chemical peels, and microneedling services. Body contouring services are an optional offering for Brick and Mortar Locations.

A “**Flex Location**” does not operate from a fixed retail location, but instead sets up operations from a residential or temporary location(s) that we approve. Flex Locations are not required to be open during all

normal business hours, but instead must operate on an appointment-based system in accordance with our then-current policies, and will provide services to clients at a designated temporary space, at clients' workplace, or at another location approved by us. As of the date of this Disclosure Document, Flex Locations are required to offer microneedling, HydraFacial® services, plasma pen and hyapen services, skincare facials, chemical peels, and teeth whitening services. Hair removal, skin rejuvenation, and body contouring services are optional offerings for Flex Locations.

The franchise you purchase will be a Brick and Mortar Location unless we designate it as a Flex Location. Each Franchised Location is established and operated using the System. Brick and Mortar Locations and Flex Locations feature and operate under the Marks. All products and services offered for sale at Brick and Mortar Locations and Flex Locations are subject to our approval.

You will operate your Franchised Location pursuant to a franchise agreement with us in the form attached as Exhibit A (the “**Franchise Agreement**”). In all circumstances, you are responsible for complying with the applicable laws, regulations, and professional standards required to operate and offer BodyBrite services in your jurisdiction and you must utilize your independent professional judgment when operating your Franchised Location.

Market and Competition

The market for beauty and skin services is well developed. You will face competition from other local hair removal and beauty businesses, and regional and national chains offering hair removal services, med-spa and esthetic services, skin rejuvenation services, and related services and retail products. These businesses compete on the basis of factors such as price, service, location and quality. These businesses are often affected by other factors as well, such as changes in consumer habits, economic conditions, population and travel patterns. The business for BodyBrite Franchised Locations is not seasonal.

Laws, Licenses and Permits

You are responsible for operating your Franchised Location in full compliance with all laws, specifically including requirements for physician ownership, oversight or involvement to offer med-spa services, an area which is highly regulated. You and your employees must obtain and maintain all necessary licenses and permits to provide BodyBrite services in your Franchised Location. Some states may require your Franchised Location to be owned by a physician, or to be operated with direct or indirect oversight by a physician, and some laws may require a physician to perform procedures at your Franchised Location. Some laws may require a registered nurse, esthetician or other licensed individual to perform procedures at your Franchised Location. If these or similar laws have been enacted in the state or municipality in which you intend to operate your Franchised Location, you will need to comply with these laws, and we urge you to become familiar with them.

You must also comply with health, safety, and sanitation laws, United States Food and Drug Act Regulations, and federal, state and local laws that apply to businesses generally, such as the Americans with Disabilities Act, privacy and data security laws, wage and hour laws, equal employment opportunity laws, tax laws, zoning requirements, business licensing requirements and OSHA regulations. We urge you to become familiar with these specific laws and regulations governing the operation of your Franchised Location in your state. You must comply with all applicable laws as a condition to operating your Franchised Location.

ITEM 2.

BUSINESS EXPERIENCE

Christopher Hardy – President and Chief Executive Officer

Mr. Hardy is one of our founders and currently our President and Chief Executive Officer. He has held those positions since our inception in May 2016, and has held the same positions with our predecessor, SHF I, since its inception in January 2012. He serves in his current capacity in Minneapolis, Minnesota.

Max Schmitz – Vice President of Franchise Development

Mr. Schmitz is our Vice President of Franchise Development and has served in this capacity for us and our predecessor SHF I, since September of 2012. Mr. Schmitz has also been the President of Smart Franchise Finders, a franchise brokerage company assisting future entrepreneurs with the purchase a franchise, since he founded the company in 2010. Mr. Schmitz has also been the President of Maximilian Communications, an advertising, marketing and sales consultancy providing sales and management training to the broadcast industry, since he founded the company in 1997. Smart Franchise Finders and Maximilian Communications are both located in Melbourne, Florida. He serves in his current position with us in Melbourne, Florida.

Isabel Rute da Silva Boal – Vice President of Operations

Ms. Boal is currently our Vice President of Operations and has served in this capacity for us since August 2020. Prior to that she served as Director of Operations since our inception in May 2016, and for our predecessor since September 2012. She serves in her current position with us in Porto, Portugal.

Derek Hull – Chief Marketing Officer

Mr. Hull current serves as our Chief Marketing Officer and has served in this capacity since November 2021. He also presently serves as Chief Executive Officer of DRX Marketing in Brielle, New Jersey, a position he has held since September 2015; as Chief Executive Officer of Salon Ninja in Brielle, New Jersey, a position he has held since May 2018; and as Chief Executive Officer of SalonOps in Brielle, New Jersey, a position he has held since July 2014. Mr. Hull previously served as President of IAIW Local 1 in Manasquan, New Jersey, from April 2007 to April 2017, and as Chief Executive Officer of ColorBar Corp. in Spring Lake, New Jersey, from January 2010 to May 2017. He serves in his current capacity with us in Brielle, New Jersey.

Kathy Schmitz – Area Director

Ms. Schmitz is currently our Area Director and has served in this capacity since May 2016. She serves in her current capacities in Melbourne, Florida.

ITEM 3.

LITIGATION

WillieJoy, LLC v. Simply HairFree Franchising, LLC (U.S. District Court, Western District of Texas, Case 5:16-cv-00235-DAE). Plaintiff WillieJoy is a former franchisee of our predecessor SHF I. WillieJoy asserts that SHF I breached the franchise agreement between the parties, breached warranties in connection with the sale of equipment, violated the Texas Business Opportunity Act and the Texas Deceptive Trade Practices Act, among other allegations. SHF denied liability, and asserted counterclaims for, among other things, trademark infringement, deceptive trade practices, and breach of contract. We entered into a

settlement agreement with this franchisee pursuant to which we paid them in exchange for three machines used in their business, and each party released each other of any claims.

Other than the above actions, 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

Our initial franchise fee (“**Initial Franchise Fee**”), payable when you sign your Franchise Agreement, is \$39,000 for a Brick and Mortar Location and \$25,000 for a Flex Location. We may discount the Initial Franchise Fee by \$5,000 in the following situations:

- 1) We offer a reduced initial franchise fee to existing franchisees of ours that are open, operating, and in good standing (*i.e.*, not subject to any uncured default notice).
- 2) We have a Veteran’s program that offers reduced franchise fees to current members of the United States Military and veterans who received an honorable discharge from a branch of the United States Military.
- 3) We have a program for licensed estheticians, nurses, physicians, and chiropractors that offers reduced franchise fees to current licensed members of the industry that are in good standing.
- 4) We have a program that offers reduced franchise fees to women and minority owned business enterprises (MWBE) that have obtained an MWBE certification in their jurisdiction, or otherwise would qualify to do so.

A reduced Initial Franchise Fee only applies to a Franchise Agreement you enter into with us during the time we offer the applicable program. We may modify or terminate these programs at any time, but no modification or termination will affect any Franchise Agreement you sign during the time the applicable program is offered.

The Initial Franchise Fee is not refundable. The Initial Franchise Fee is uniformly charged except as provided above. In our last fiscal year, we collected one initial franchise fee of \$35,000, which was discounted at the request of the franchisee.

You will have 12 months from the date you sign the Franchise Agreement to open and begin operating a Brick and Mortar Location, and four months from the date you sign the Franchise Agreement to open and begin operating a Flex Location. If you want to extend the timeframe to open your Franchised Location, and we agree to allow you to do so, you may either (i) pay a \$500 extension fee to us as a condition to our granting the extension, and we will extend the required opening date by two months; or (ii) pay a \$500 extension fee to us and agree to release any protected territory that has been granted to you and to seek a site for your location in an area “to be determined,” in which case we will extend your required opening date by six months. We are not obligated to grant these extensions, and we have the right to condition our consent on other requirements. Extension fees are not refundable and are not credited against any other obligation you may have to us.

Equipment Package

You will be required to purchase certain equipment from our affiliate, Retouch. If you are opening a Flex Location, we require you to purchase a basic package from Retouch that includes a hyapen kit, plasma pen, microneedling start-up kit, portable bed, and teeth whitening kit needed for your operation of your Franchised Location. If you are opening a Brick and Mortar Location, in addition to the equipment package required for a Flex Location, you also must purchase an IPL machine or laser from Retouch. Additionally, franchisees opening a Flex Location or a Brick and Mortar Location may purchase optional body contouring equipment from Retouch.

The cost to purchase this equipment for a Brick and Mortar Location ranges from \$31,315 to \$144,870, depending on whether you purchase the optional body contouring equipment and optional IPL and/or laser, and ranges from \$15,115 to \$82,165 for a Flex Location, depending on whether you purchase optional body contouring and/or IPL/laser equipment. The purchase price for the equipment is payable in a lump sum upon the signing of your Franchise Agreement; however, we offer franchisees opening a Flex Location that meet certain credit conditions the ability to finance the equipment over 15 to 27 months. See Item 10 for additional information.

The payments for equipment are non-refundable and uniform for all franchisees.

Initial Inventory and Furniture

You will also need to obtain initial inventory of certain supplies for your Franchised Location from our affiliate, Retouch, as well as furniture for your reception area, treatment rooms and certain décor items if you operate a Brick and Mortar location. The cost for initial inventory is \$500 if you are opening a Flex Location, and \$3,500 if you are opening a Brick and Mortar Location. The cost for furniture and décor items ranges from \$19,500 to \$25,000 for a Brick and Mortar Location and from \$1,750 to \$3,500 for a Flex Location. These payments are non-refundable and uniform for all franchisees.

Grand Opening Advertising Package

Our affiliate, Britely, will provide you with a “**Grand Opening Advertising Package**,” which you must purchase for \$4,000 if you open a Brick and Mortar Location and \$2,000 if you open a Flex Location. These payments are non-refundable and uniform for all franchisees.

Technology Fee and Flex Flat Fee

If you are operating a Brick and Mortar Location, you will pay us a Technology Fee each month during the term of your Franchise Agreement, which includes website hosting, e-mail (up to two email addresses) and access to our electronic systems. This fee is currently \$350 per month. You will begin paying this fee 60 days prior to the opening of your Franchised Location, and thus, the amount of this fee that you pay to us before opening will be \$700. This fee is not refundable and is uniform for all franchisees.

If you are operating a Flex Location, you will pay us the initial Flex Flat Fee of \$1,500 one month before opening your Franchised Location. This fee is not refundable and is uniform for all franchisees.

**ITEM 6.
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks (See Note 1)
Royalty Fee (Brick and Mortar Locations Only)	6% of monthly Gross Sales if they are \$30,000 or less; 5% of monthly Gross Sales if they are between \$30,000 and \$50,000; or 4% of monthly Gross Sales if they are greater than \$50,000; subject to the Minimum Royalty Fee.	Due monthly before the 5th day of each month for Gross Sales from the prior month during the term of the Franchise Agreement.	The Minimum Royalty Fee is \$750 per month, beginning on the earlier of the date you open or are required to open your Franchised Location. We will debit your bank account. Flex Locations do not pay the Royalty Fee but instead pay the Flex Flat Fee. See <u>Notes 2, 3, 4 and 5</u> .
National Marketing Contribution	Currently 2% of Gross Sales, but we reserve the right to increase this to up to 3% of Gross Sales.	Due monthly before the 5th day of each month for Gross Sales from the prior month during the term of the Franchise Agreement.	We will debit your bank account. See <u>Notes 2, 4 and 5</u> .
Local Marketing Requirement	You must spend a minimum of \$1,500 per month on local advertising and promotion, but we reserve the right to increase this to \$2,000 per month.	As incurred, in connection with advertising programs that you choose.	You must purchase a minimum of \$1,500 per month in local advertising and promotion. Currently, you must purchase at least \$1,500 in digital advertising and promotion services from our affiliate Britely, which counts towards this requirement. We have the right to require that you provide us with proof that these funds were spent. If you fail to meet your required local advertising

Type of Fee	Amount	Due Date	Remarks (See Note 1)
			requirement per month, you must pay us the difference between the amount you spent and the required advertising expenditure. See <u>Note 5</u>.
Technology Fee (Brick and Mortar Locations Only)	The then-current fee (currently, \$350 per month). We may increase this fee upon notice to you. <i>[Remainder of page intentionally left blank]</i>	Due monthly, starting 60 days before the earlier of the date (i) you open your Franchised Location, or (ii) your required opening date.	This fee will cover certain technologies used in the operation of your Franchised Location. This fee currently includes website hosting, e-mail (up to two email addresses) and access to our electronic systems, including to Britely's digital marketing platform and our online appointment platform. We reserve the right to increase this fee. We reserve the right to upgrade, modify, and add new technology and/or software. You will be responsible for any increase in fees that result from any upgrades, modifications, or additional software. Flex Locations do not pay a Technology Fee but instead pay the Flex Flat Fee. See <u>Notes 4 and 5</u>.

Type of Fee	Amount	Due Date	Remarks (See Note 1)
Flex Flat Fee (Flex Locations Only)	\$1,500 per month. We may increase this fee upon notice to you, provided we will not increase it to more than \$2,000 per month during the initial term of the Franchise Agreement.	Due monthly before the 5th day of each month for the prior month during the term of the Franchise Agreement, beginning one month before the earlier of: your required opening date or the date you open your Franchised Location.	In lieu of paying the Royalty Fee and Technology Fee, Flex Locations pay a monthly fee of \$1,500. Brick and Mortar Locations do not pay the Flex Flat Fee.
Transfer Fee	50% of the then-current Initial Franchise Fee; or such greater amount to cover our reasonable costs and expenses associated with the transfer.	Before the consummation of the transfer or sale.	Payable when, and if, you transfer or sell your franchise. No transfer fee will be charged if you transfer your franchise to a corporation, limited liability company or other entity which you control. There are other conditions to transfer.
Renewal Fee	\$2,500	On or prior to renewal.	Payable when, and if, you renew your Franchise Agreement. There are other conditions to renew.
Relocation Fee	Up to \$1,000	Upon invoice from us.	See <u>Note 5.1</u> .
Upgrade Fee	The difference between the Initial Franchise Fee you paid for a Flex Location and our then-current Initial Franchise Fee for a	As incurred.	If you operate a Flex Location and want to upgrade to a Brick and Mortar Location, you must sign our then-current franchise agreement;

Type of Fee	Amount	Due Date	Remarks (See Note 1)
	Brick and Mortar Location.		in lieu of an initial franchise fee you will pay the upgrade fee.
Annual Convention Registration	Currently, \$350 per attendee based on early registration, but may increase annually.	When you register for the annual convention.	If we hold an annual convention, you will pay this fee once a year, which covers registration of each attendee. See <u>Note 6</u> .
Additional Training and Assistance	Our then-current fee per trainer, plus reimbursement of expenses, or the then-current registration fee for the training. Current fee is \$150 per hour.	As incurred.	See <u>Note 7</u> .
Ongoing Purchases of Proprietary Products	The price established by the applicable approved supplier from time to time.	Before shipment.	All products you will use in your Franchised Location must meet our standards. This will be paid to us, our affiliates, or to other approved suppliers on the terms established from time to time by the applicable supplier.
“Mystery Shopper” Evaluations	Will vary under the circumstances, cost of actual evaluation.	As required..	You must participate in our then current programs, at your cost and expense. Payable to us or to third parties as applicable.

Type of Fee	Amount	Due Date	Remarks (See Note 1)
Credit Card Fees	Transaction fees are typically 3.5% of transaction amounts. Other fees may apply depending on the vendor used for credit card processing.	As incurred.	Payable if you pay your Royalty Fees, Flex Flat Fees, Technology Fees, National Marketing Contributions, or other payments using a credit card.
Product/Supplier Approval Costs for Testing and Evaluation of Products	The greater of \$500 or the costs of testing and evaluation a product and/or service (including the purchase and shipping of a product or device to be tested), and reimbursement of our expenses if travel is required.	As incurred.	This covers the cost of testing new products or inspecting new suppliers you recommend. See <u>Note 8</u> .
Audit Expenses	The actual cost of the audit, which will vary under the circumstances.	Upon demand.	Due if audit of your books shows an understatement of your total amount owed to us for any reporting period of 2% or more, or if the audit is needed because you failed to follow our reporting requirements. See <u>Note 9</u> .
Late Report Fee	\$100 per violation.	As incurred.	Payable only if a required report, filing, certificate, or statement is not delivered when due.
Interest and Late Payment Fees	The lesser of 1.5% per month or the highest rate permitted by law plus a \$10 per day late payment fee.	Upon demand.	You must pay us or our affiliates a late payment fee and interest on any money you owe us or any of our affiliates after the due date.

Type of Fee	Amount	Due Date	Remarks (See Note 1)
Returned Checks or Insufficient Funds Service Fee	\$25 per occurrence.	Upon demand.	Payable if any of your payments to us are not honored by your financial institution. This fee is in addition to interest on the amount due.
Costs and Attorneys' Fees	Will vary under the circumstances.	Upon demand.	Payable if we prevail in any legal dispute with you.
Cure Expenses, Collection Costs, and Post Termination / Expiration Expenses	Our cost and expenses if we take action to cure any default by you under the Franchise Agreement, including costs of collection for unpaid amounts.	Upon demand.	Due only if you are in default under your Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorneys' fees) as a result of your default and to enforce and terminate your Franchise Agreement if necessary. This also applies if your Franchise Agreement terminates or expires and we incur expenses in ensuring your compliance with the post-termination and post-expiration provisions.
Standard Default Fee	Up to \$500 per violation.	Upon demand.	In addition to any rights and remedies we may have under the Franchise Agreement, if you breach certain provisions of your Franchise Agreement and fail to cure the default during the

Type of Fee	Amount	Due Date	Remarks (See Note 1)
			applicable cure period, you must pay us up to \$500 per default per cure period until the default is cured to offset our expenses incurred to address the default.
Unauthorized Advertising Fee	\$500 per day of use of unauthorized advertising.	Upon demand.	This fee is payable to us if you use unauthorized advertising in violation of the terms of the Franchise Agreement. This is in addition to other remedies available to us. This may not be enforceable under state law.
Prohibited Product, Service, Supplier Fee	\$500 per day of using any authorized supplier, or of offering or using unauthorized products or services.	If incurred.	This fee is payable to us in the event that you offer or provide any unauthorized products or services from your Franchised Location, or use any unauthorized supplier. This in addition to other remedies available to us. This may not be enforceable under state law.
Indemnification	Will vary under the circumstances.	Upon demand.	You must reimburse us if we are held liable for claims, damages or other relief arising out of your franchise operations.
Tax Assessment	Our actual expenses.	Upon demand.	Payable only if there is a sales tax, gross

Type of Fee	Amount	Due Date	Remarks (See Note 1)
			receipts tax, or similar tax or assessment (other than income tax) imposed against us with respect to any payments you make to us under the Franchise Agreement.

Notes

1. Except where otherwise noted, all fees are payable to us, are non-refundable, and are uniformly imposed. If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you are required to pay an additional amount equal to the amount of this tax. This does not apply to any federal or state income taxes we or our affiliates have to pay.

2. “Gross Sales” means the amount of products and merchandise sold or services rendered in, on, about or from your Franchised Location, together with any other revenues derived from the operation of your Franchised Location, whether by you or by any other person, whether or not in accordance with the terms of the Franchise Agreement, and whether for cash or on a charge, credit, barter or time basis, including all sales and services (i) where orders originate and/or are accepted by you in your Franchised Location but delivery or performance thereof is made from or at any place other than your Franchised Location or (ii) by digital, telephone or other similar orders received or filled at or in your Franchised Location. For purposes of determining the Royalty Fee and National Marketing Contributions there shall be deducted from Gross Sales: (a) the amount of refunds, allowances or discounts to customers (including coupon sales) up to 3% of the Gross Sales, provided the related sales have previously been included in Gross Sales; and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority.

3. Beginning on the earlier of your required opening date or the date you open, if you operate a Brick and Mortar Location you will be required to pay a Minimum Royalty Fee of \$750 per month. We will generally reconcile the Minimum Royalty Fee with the Royalty Fees you have actually paid on the 5th day of the month following the month in which the fee applies, and we will debit your account for any additional Royalty Fees due, provided that we reserve to modify the timing or schedule of this reconciliation in our discretion.

4. Under the Franchise Agreement, we require that all Royalty Fees, National Marketing Contributions, Technology Fees, Flex Flat Fees, and other fees as we may require, be paid by automated bank draft. Accordingly, you must sign an electronic transfer of funds authorization for your bank account. Gross Sales reports are due to us by the 5th day of each month or such other day as we establish. The Royalty Fee and National Marketing Contribution will be withdrawn from your designated bank account by EFT monthly on or before the 5th day of each month (or the next day, if it is not a business day), or such other day as we may establish, based on Gross Sales for the preceding month.

5. Company and affiliate-owned Franchised Locations are not required to pay Royalty Fees, Technology Fees, or Flex Flat Fees, or make advertising contributions to the National Marketing Fund. Company and affiliate-owned Franchised Locations do not have a specific local advertising requirement; however they will make expenditures in local advertising programs as appropriate.

5.1 If you relocate your Franchised Location within the Protected Area, you must obtain our prior written approval and pay a discretionary fee (\$1,000 maximum) to cover our expenses in considering your request.

6. The person holding a controlling interest in your business and your Operating Principal (if different) will be required to attend our annual convention each year, if one is held. You must pay our current registration fees to cover the cost of that registration. We currently anticipate the registration fee will be \$350 per person, but this amount will likely increase as food and beverage costs and facility rental fees increase. You must pay all of the costs associated with attending these programs and events, including travel, living expenses, wages and benefits of you and/or your employees. If you want to send additional people to our annual convention, you will pay an additional registration fee for each person.

7. If, at any time during your operation of your Franchised Location, you request that we provide additional training, or if we determine that you require additional assistance or training, you must pay our then-current hourly training fee for each trainee, and you must reimburse us for all out of pocket costs and expenses incurred by our trainers associated with the additional training, including lodging, meals and travel arrangements of the trainers and other reasonable expenses.

8. If you want to purchase unapproved products, equipment, supplies, or services, or products, equipment, supplies and services from other than approved suppliers, we may require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us, or reimbursement of our expenses if travel is incurred. You must pay a charge equal to the greater of \$500 or the cost of the evaluation and testing and expenses associated with it.

9. You must pay our audit expenses only if an audit of your records reveals an understatement of 2% or more of your total amount owed to us during the audit period. In addition to any unpaid amounts you may owe us, you must reimburse us for the actual costs we incur in conducting the audit, including travel, lodging, meals, and compensation of the auditing personnel that may travel to your Franchised Location. The cost of the audit will depend on many factors that will vary on a case-by-case basis, like the condition and accuracy of your recordkeeping, the extent of your cooperation, the number of years of your accounting records that are reviewed during the audit process, and other circumstances unique to your particular audit. As a result, we are unable to estimate a range of these audit cost; however, these audit expenses will not exceed our actual costs.

**ITEM 7.
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (Note 1)	Brick and Mortar Location – Amount	Flex Location - Amount	Method of Payment	When Due	To Whom Payment is To Be Made
Initial Franchise Fee (Note 2)	\$39,000	\$25,000	Lump Sum	When signing a Franchise agreement	Us
Real Estate (Note 3)	\$1,200 - \$12,000	\$0 - \$1,200	As Incurred	As Incurred	Landlord
Leasehold Improvements (Note 4)	\$0 - \$65,000	\$0	Lump Sum	Before you Open	Contractors
Furniture and Fixtures (Note 5)	\$19,500 - \$25,000	\$1,000 - \$2,000	Lump Sum	Before you Open	Vendors, Us or our Affiliates
Signage (Note 6)	\$5,000 - \$7,000	\$750 - \$1,500	Lump Sum	Before you Open	Vendors
Equipment (Note 7)	\$38,815 - \$171,770	\$22,615 - \$101,565	Lump Sum	Before you Open	Vendors, Us or our Affiliates
Initial Inventory and Supplies (Note 8)	\$2,500 - \$3,500	\$500 - \$1,500	Lump Sum	Before you Open	Vendors, Us or our Affiliates
Shipping Costs	\$1,000 - \$3,500	\$1,000 - \$2,500	Lump Sum	Before you Open	Third Party Shipping Company
Grand Opening Advertising (Note 9)	\$10,000	\$5,000	Lump Sum	30 Days Before you Open to 30 Days After you Open	Vendors and/or Us
Computer Hardware and Software (Note 11)	\$2,000 - \$4,000	\$1,500 - \$2,500	Lump Sum	Before you Open	Vendors and/or Us
Business Permits, Licenses and Other Deposits (Note 10)	\$300 - \$1,500	\$300 - \$1,500	Lump Sum	Before you Open	Government Agencies, Utility Companies
Insurance (Note 12)	\$1,333 - \$2,000	\$1,333 - \$2,000	As Incurred	Before you Open	Vendors
Cost to Attend Training (Note 13)	\$0 - \$3,000	\$0 - \$3,000	Lump Sum	As Incurred	Vendors, Third Parties (Hotels,

					Restaurants, Airlines)
Professional Fees	\$500 - \$3,000	\$500 - \$3,000	As Agreed	As Incurred	Professional Advisors
Extension Fee	\$0 - \$500	\$0 - \$500	As Incurred	Only due if requesting an extension to your required opening date	Us
Miscellaneous Operating Costs (Note 14)	\$500 - \$3,000	\$500 - \$3,000	As Needed	As Incurred	Vendors
Additional Working Capital — 3 months (Note 15)	\$15,000 - \$30,000	\$5,000 - \$10,000	As Needed	As Incurred	Employees, Vendors, and Us
TOTAL (Note 16)	\$136,648 - \$383,770	\$64,998 - \$165,765			

Notes

1. Except where otherwise noted, all fees that you pay to us are non-refundable. Third-party lessors, contractors and suppliers will decide if payments to them are refundable. If you are opening a Flex Location and meet credit standards, our affiliate Retouch offers financing to cover the costs of certain equipment. The equipment finance agreement requires a down payment of \$11,835, with your option of a loan term of either 15 or 27 months. Interest rates typically vary from 6.0% to 9.0% per annum, depending on the term of the loan. See Item 10 for additional details.

2. Under certain circumstances, we may reduce the Initial Franchise Fee if you qualify for one of the discounts that we offer in [Item 5](#).

3. We have not projected any cost for the purchase of any land or building because we do not recommend you purchase a building for your Franchised Location. Instead, if you operate a Brick and Mortar Location, we recommend that you lease a site for your Franchised Location. Your Franchised Location will usually be located in a retail area and the space should generally be between 1,000 and 1,200 square feet. Rental costs are generally between \$1,200 and \$3,000 per month in or near the Minneapolis/St. Paul, Minnesota market area. It will vary in other markets. Our estimate assumes that you will initially pay for 1 to 3 months, plus a security deposit of one month's rent. If you operate a Flex Location, you may operate from a home office and perform services at your client's location, or you may operate from temporary locations. The low-end assumes you perform services on-site for your clients, and the high-end assumes you obtain a temporary location.

4. This item includes the cost of building out your Brick and Mortar Location in accordance with the specifications in our Operations Manual. Our estimates for a Brick and Mortar location are based on the assumption that the location is in a suburban, retail space with approximately 1,000-1,200 square feet. The cost of leasehold improvements will vary widely depending upon the size and condition of the premises, whether or not there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements desired by you over and above our minimum requirements, the landlord's cash contribution to the cost of the improvements, whether you utilize union or non-union labor,

and other factors. Our estimates assume standard tenant improvements and that the location has been prepped with lighting, electricity, and waste removal. You will have additional build-out costs if you receive the premises in any other condition than what we have assumed. We recommend that you interview several contractors and check their references before engaging a contractor. The low range of our estimates assumes that you obtain a tenant improvement allowance to cover the build-out or that your landlord agrees to conduct your build-out. These arrangements may or may not be available through your landlord.

If you operate a Flex Location, we anticipate you will be performing services at clients' locations and that you may also sublet a temporary space in locations that have already completed all principal construction and build-out.

5. Furniture and fixtures for your Franchised Location must be purchased from our approved suppliers and meet our standards. For a Brick and Mortar Location, you will need to purchase furniture for two treatment rooms, your reception area, office furniture, waiting area furniture, and other décor items. Furniture and fixtures requirements for a Flex Location are minimal; the high end of this range assumes you do not already own and purchase basic office furniture.

Under certain circumstances, our affiliate Retouch offers financing to franchisees opening a Flex Location to cover (a) the cost of certain equipment and supplies you purchase from Retouch, and (b) the \$7,500 down payment for the purchase of the HydraFacial machine you are required to purchase. The amount financed will vary based on the equipment you purchase. The interest rates typically vary from 6.0% to 9.0% per annum, depending on the term of the loan, if all payments are made on time. The finance agreement requires a down payment of \$11,835, with your option of a loan term of either 15 or 27 months. If you purchase the minimum required equipment, you will make either 12 payments of \$1,009.10 or 24 payments of \$537.16. See Item 10 for additional details.

6. Prior to opening your Franchised Location, you must purchase interior and, in the case of Brick & Mortar Locations exterior signage that displays the Marks in the manner and according to the content guidelines that we prescribe. Signage must be purchased from a source or sources that we approve or that otherwise meets our standards. For a Brick and Mortar location, this assumes one exterior and one interior sign. For a Flex Location, this assumes one to two roll-out or retractable signs to be used in temporary locations.

7. In the Operations Manual, we provide you with a list of the equipment that you will need to purchase in order to open and begin operations at your Franchised Location. This list is subject to change from time to time. You will be required to purchase an Equipment Package from Retouch when you sign your Franchise Agreement, which, as of the date of this Disclosure Document, consists of: For a Brick and Mortar Location, hyapen, plasma pen, a HydraFacial® machine, a microneedling start-up kit, teeth whitening kit, and either an IPL machine or a laser; and for a Flex Location, hyapen, plasma pen, a HydraFacial® machine, a microneedling start-up kit, portable bed, and teeth whitening kit. Optional equipment for purchase includes body contouring equipment and an IPL machine or laser for a Brick and Mortar Location, and body contouring equipment and IPL machine or laser for a Flex Location. This optional equipment is included in the high range above.

Any additional equipment purchased at any point during the operation of your Franchised Location will be purchased from us and our approved suppliers at our then-current price.

8. You must purchase a beginning and ongoing inventory of merchandise, including back bar and retail serums, lotions and other skin care products, towels and sanitary products, office supplies, forms, and cleaning supplies, as may be required by us. You will purchase this inventory from our affiliate,

Retouch, and pre-approved vendors or preferred or designated suppliers listed in our Operations Manual, which is subject to change from time to time.

9. If you open a Brick and Mortar Location, you must spend \$10,000 for your Franchised Location's Grand Opening Advertising Requirement during the period between 30 days before and 30 days after opening your Franchised Location ("**Grand Opening Advertising Requirement**"), utilizing one of our designated marketing vendors. If you open a Flex Location, your Grand Opening Advertising Requirement is \$5,000. You are required to invest this money in marketing activities to build up business for your Franchised Location. Our affiliate Britely will provide you with a Grand Opening Advertising Package, which you must purchase from Britely and which counts towards your Grand Opening Advertising Requirement. The Grand Opening Advertising Package is \$4,000 for a Brick and Mortar Location and \$2,000 for a Flex Location.

10. You will need to comply with licensing requirements under the applicable state and local regulatory authorities. This estimate includes the cost of obtaining business licenses and permits, and estimated costs of legal and accounting expenses for establishing your Franchised Location but does not include any legal fees you may incur. The legal fees incurred in connection with obtaining any licenses and complying with applicable laws will significantly vary.

11. This range includes our current requirements to purchase a computer with high speed internet capabilities, an operating system no older than 2 years, and a printer (if you have a Brick and Mortar Location), credit card reader/point-of-sale ("POS") system, internet modem (if you have a Brick and Mortar Location), and cash handling system that conform to our standards and specifications, as well as one iPad for a Flex Location and up to three iPads for a Brick and Mortar Location. The range depends on the types and models you choose. We reserve the right to require, in the future, that you purchase all of your initial computer hardware and software systems from us.

12. This amount includes an estimate for prepaid insurance premiums. You must purchase and maintain insurance in the types and amounts we require, as further described in the Franchise Agreement and the Operations Manual. Currently, our requirements include (i) special form property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies, and other property used in the operation of your Franchised Location; (ii) comprehensive general liability insurance, containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$3,000,000 in the aggregate; (iii) hired, non-owned automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased, or used by you, or your officers, directors, employees, partners or agents, in the operation of your Franchised Location, containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$2,000,000 in the aggregate; (iv) professional liability insurance, containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$3,000,000 in the aggregate and incur coverage for sexual abuse or molestation at a minimum of \$100,000 per incident; (v) worker's compensation insurance and employer's liability insurance as required by law; and (vi) any other insurance that we specify in the Operations Manual from time to time. You agree to provide us with proof of coverage on demand. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Franchised Location. We currently have a sole approved vendor for the provision of this insurance. All insurance policies must: (i) name us (and our members, officers, directors, and employees) as additional insureds; and (ii) contain a waiver by the insurance carrier of all subrogation rights against us.

13. The low end of this range assumes all initial training is conducted virtually, while the high end assumes two to three attendees driving to training held at one of our affiliate-owned BodyBrite locations

plus additional optional training for one person in Florida for the body contouring equipment. The high ranges include estimated costs for driving expenses, lodging accommodations, and dining expenses for two to three persons to attend our initial training program and one person to travel to the training for body contouring. These costs may vary widely based on the fluctuation of travel prices, your travel preferences, and the location of your Franchised Location.

14. Miscellaneous operating costs include certain décor items, branded materials, and uniforms.

15. This amount estimates the operating expenses you should expect to incur during the first 3 months of your Franchised Location operations, including payroll (excluding any salary you may take), and fees to us and our affiliates. The estimate also includes estimated rent, taxes, supplies, utilities, phone, internet and similar expenses to the extent they are not incorporated above. Your costs will depend on factors such as your management skills and experience, local economic conditions, the local market for BodyBrite services, the prevailing wage rate, competition, the amount of your initial investment you decide to finance, and the sales level reached during the initial period.

16. We have relied on the experiences of our affiliates in opening Brick and Mortar Locations in Minnesota and New York to compile these estimates. Many factors that are unique to your market can make a dramatic difference in the estimates provided. It is possible to significantly exceed costs in any of the areas above. You should review these figures carefully with a business and a legal advisor before making any decision to purchase a franchise. The availability and terms of any financing will depend on factors like the availability of financing generally, your credit worthiness, your relationship with local banks, your business experience, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges, interest, or debt service obligations.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of products and services throughout the System, you must maintain and comply with our quality standards.

Designated Suppliers

You must purchase for use or sale at your Franchised Location only those services or products we designate. You must purchase these items from us, our designees or from other suppliers we approve. We or our designees may be the designated or sole source of supply for certain services and products.

As of the date of this Disclosure Document, we have the following mandatory vendors that you are required to purchase proprietary products from prior to the commencement of operation of your Franchised Location and on an ongoing basis:

1. You must obtain your Franchised Location's management software and booking software from our mandatory vendors, and license this software from that provider directly. Our affiliate, Britely, currently is the mandatory vendor for certain management software.

2. Our affiliate, Retouch, is currently the required supplier of certain equipment you will be required to purchase, including IPL machine, laser, hyapen kit, plasma pen, teeth whitening kit, microneedling start-up kit, portable bed, and other required equipment. Retouch is also the mandatory vendor for inventory of certain back-bar and retail serums, lotions and other skin care products. If you

operate a Brick & Mortar Location, you must also purchase certain furniture and décor items from Retouch. Retouch is also the required supplier for optional body contouring equipment.

3. We require you to purchase the Grand Opening Advertising Package from our affiliate Britely for certain grand opening promotional items for your Franchised Location, and we also provide certain advertising and promotional materials that you must purchase from us. You must also utilize one of our designated marketing vendors for the remainder of the implementation of your Grand Opening Advertising Requirement.

4. Your ongoing purchases of teeth whitening products and microneedling supplies must be made from our required providers.

5. You must purchase skin, lotions and post-treatment products for back-bar and retail in your Franchised Location from our required supplier.

6. You must purchase your HydraFacial® machine from our required supplier.

7. If you operate a Brick and Mortar Location, you must utilize our required vendor for creating your architectural construction documents, which include the design and layout for your Franchised Location under our requirements. These documents will be utilized by you to obtain construction bids from potential contractors.

Approved Services and Products

We will provide you with lists of approved manufacturers, suppliers and distributors (“**Approved Suppliers List**”) and approved inventory, products, fixtures, furniture, equipment, signs, supplies and other items or services necessary to operate your Franchised Location (“**Approved Supplies List**”). The Approved Suppliers List may specify the specific manufacturer of a specific product or piece of equipment. We, an affiliate or a third-party vendor or supplier periodically may be the only approved supplier for certain items. The lists specify the suppliers and the products and services that we have approved for use in the System. The Approved Supplies List also may include other specific products without reference to a particular manufacturer, or may designate the specifications and/or standards for other approved products. We may revise these lists and provide you with a copy of approved lists as we deem advisable.

If you want to use any unapproved material, fixture, equipment, furniture or sign, or purchase any items from any supplier that we have not approved, you must first notify us in writing and must submit to us, at our request, sufficient specifications, photographs, drawings or other information or samples for us to determine whether the services, material, fixture, equipment, furniture or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria. We will notify you of our decision within a reasonable period (not exceeding 90 days) following our receipt of all information requested. You or the supplier must pay the reasonable cost of the inspection and evaluation and the actual cost of the test. We may re-inspect the facilities and products of any supplier or approved item and revoke our approval of any item or supplier that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or supply. As part of the approval process, we may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark use, and indemnification. We do not provide material benefits to you based on your use of designated or approved sources.

We apply certain general criteria in approving a proposed supplier, including the supplier’s quality and pricing of products, ability to provide products/services that meet our specifications, responsiveness, ability to provide products/services within the parameters required by the System, quickness to market with new

items, financial stability, the terms of any credit program for franchisees, freight costs, and the ability to provide support to the entire network of System franchised and company-owned locations (merchandising, field assistance, education and training respecting sales, and use of products and services). We are not required to make available to you or to any supplier our criteria for product or supplier approval if we deem such criteria to be confidential.

Insurance

You must purchase and maintain insurance in the types and amounts we require, as further described in the Franchise Agreement and the Operations Manual. Currently, our requirements include (i) special form property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies, and other property used in the operation of your Franchised Location; (ii) comprehensive general liability insurance, containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$3,000,000 in the aggregate; (iii) hired, non-owned automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased, or used by you, or your officers, directors, employees, partners or agents, in the operation of your Franchised Location, containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$2,000,000 in the aggregate; (iv) professional liability insurance, containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$3,000,000 in the aggregate and incur coverage for sexual abuse or molestation at a minimum of \$100,000 per incident; (v) worker's compensation insurance and employer's liability insurance as required by law; and (vi) any other insurance that we specify in the Operations Manual from time to time. You agree to provide us with proof of coverage on demand. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Franchised Location. We currently have a sole approved vendor for the provision of this insurance. All insurance policies must: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we will receive thirty (30) days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as required by the insurance carrier and approved by us).

All insurance policies must insure us, you and any other person that we designate from all liability, damages or injury, and must meet all other requirements that we designate.

Miscellaneous

Our officers own an interest in us and our affiliates. Our officers do not own an interest in any other supplier.

We have reserved the right in the Franchise Agreement to receive rebates or other payments from suppliers, based directly or indirectly on sales of services or products, advertising materials and other items to franchisees and Franchised Locations we own, which payments may range from less than 1% up to 20% or more of the purchase price. In our last fiscal year ended December 31, 2021, we received \$12,238 as a result of all required purchases and leases of products or services by our franchisees, or approximately 4.1% of our total revenue of \$297,464, based on our most recent annual audited financial statement. In our last fiscal year ended December 31, 2021, our affiliates did not derive any revenue or other material consideration from required purchases or leases by our franchisees.

We may negotiate prices for numerous products for the benefit of the System, but not for any individual franchisee. We are not aware of any purchasing or distribution cooperative for the System. We attempt to receive volume discounts for the System.

We may license third-party suppliers to produce advertising and promotion items that bear the Marks. You may purchase these items for resale or for promotional purposes from approved third-party suppliers.

We estimate that the purchase or lease of equipment (including the Computer System hardware and software), signs, fixtures, furnishings, supplies, products, and advertising and sales promotions materials, including placement, which meet our specifications will represent approximately 80% to 90% of the cost to develop your Franchised Location and 60% to 80% of the ongoing cost to operate your Franchised Location.

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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 other items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2.B, 6.A and 6.B; Exhibit A	Item 11
b. Pre-opening purchases/leases	Section 6	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 6, 7.A and 9.F; Exhibit A	Item 5, 6, 7 and 11
d. Initial and ongoing training	Section 7	Items 7 and 11
e. Opening	Sections 5.G, 6.A, 6.B, 6.G and 7.B; Exhibit A	Items 5, 7 and 11
f. Fees	Sections 3.B, 4, 5.A., 5.C., 6.A, 6.B, 6.H, 7.B, 7.C, 9.F, 10.B, 11.B, 14.B and 14.C; Exhibit A	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	Sections 7.D and 9	Items 11 and 16
h. Trademarks and proprietary information	Sections 8 and 12	Items 13 and 14
i. Restriction on products/services offered	Section 9	Items 8 and 16
j. Warranty and customer service requirements	Section 9	Item 11
k. Territorial development and sales quotas	Section 2 and Exhibit A	Item 12
l. Ongoing product/service purchases	Section 9	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 3.B, 6.A, 6.B, 9.B, 9.C and 9.H	Items 6 and 11
n. Insurance	Section 9.N	Items 6, 7 and 8
o. Advertising	Sections 5 and 8.B	Items 6, 7 and 11
p. Indemnification	Sections 4.J, 8.E, 18.B and 18.C	None
q. Owner's participation/management/staffing	Sections 7.B, 9.E, 9.F, 9.L and 9.M	Items 11 and 15

r. Records and reports	Section 10	Item 6
s. Inspections and audits	Section 11	Item 6
t. Transfer	Section 14	Items 6 and 17
u. Renewal	Section 3.B	Items 6 and 17
v. Post-termination obligations	Sections 13.A, 13.C and 17	Item 17
w. Non-competition covenants	Section 13	Item 17
x. Dispute resolution	Section 19	Item 17
y. Other: Guaranty of franchise obligations	Guaranty and Assumption of Obligations (Exhibit C to the Franchise Agreement)	Item 15

ITEM 10. FINANCING

If you are opening a Flex Location and meet credit standards, our affiliate Retouch offers financing to cover the costs of (1) the hyapen kit, plasma pen, microneedling start-up kit, portable bed, and teeth whitening kit you are required to purchase from Retouch, and (2) the \$7,500 down payment for the purchase of the HydraFacial machine you are required to purchase from a mandatory vendor. The equipment finance agreement requires a down payment of \$11,835, with your option of a loan term of either 15 or 27 months, with the first monthly payment due the earlier of the date your Flex Location opens or 90 days after the date you sign the Franchise Agreement. If you purchase the minimum required equipment, you will make either 12 payments of \$1,009.10 or 24 payments of \$537.16. While these amounts include the down payment for the HydraFacial machine, they do not include the monthly installments for the remainder of the purchase price, as described below. If you purchase additional optional equipment for your Flex Location, the amount of your monthly payments will be higher and depend on the total amount financed, the term of the loan, and the interest rate. Retouch offers financing of up to \$82,165 per Flex Location. Interest rates typically vary from 6.0% to 9.0% per annum, depending on the term of the loan. Retouch will retain a security interest in the equipment but will not require you to pledge any other assets to secure the loan. You, your spouse, and all Owners and their spouses must provide a personal guaranty. You will have the ability to prepay your obligations without penalty.

You will be in default under Retouch's equipment finance agreement if you fail to pay amounts owed when due or you breach any other provision of the loan documents. If you commit a payment default, you must pay a late charge of 15% of the payment which is late, or \$15, whichever is greater or, if less, the maximum charge allowed by law. (Equipment Finance Agreement – Section 17). Regardless of the type of default, Retouch may accelerate the loan and require that you pay the remaining balance of the loan, and/or return the equipment to Retouch, and if Retouch has to take possession of the equipment, you must pay the cost of repossession. (Equipment Finance Agreement – Section 13). Upon default, Retouch may recover interest on the unpaid balance at the rate of 18% per annum or the maximum amount permitted by applicable law. (Equipment Finance Agreement – Section 17). It may also exercise any remedies available to it under the Uniform Commercial Code or the law of its assignee's principal place of business. (Equipment Finance Agreement – Sections 13 and 20). You must also pay Retouch's reasonable attorneys' fees and actual court costs. (Equipment Finance Agreement – Section 14). We also have the right to terminate your franchise if you do not make your required payments to Retouch. If Retouch assigns the loan the transferee will not have to perform any of Retouch's obligations and the rights of the transferee will not be subject to any

claims or defenses you have against Retouch (Equipment Lease Agreement – Section 15). Under the personal guaranty, which is contained in Retouch’s equipment finance agreement, you waive all notices and you and your guarantors (1) consent to personal jurisdiction in the state that Retouch or its assignee, as applicable, has its principal place of business and (2) waive trial by jury. No one other than you, or your Owner(s) if you are a business entity, is required to sign the personal guaranty under the lease agreement. Under the terms of the lease agreement, you waive the right to a jury trial and consent to the jurisdiction of any state or federal court in Retouch’s state or the state of Retouch’s assignee’s principal place of business, or any other court chosen by Retouch or its assignee (Equipment Lease Agreement – Section 20). A copy of the current Retouch lease documents as of the date of this Disclosure Document is attached as Exhibit G-1.

We have arranged an equipment finance program with Edge Systems LLC d/b/a The HydraFacial Company for the purchase of the HydraFacial machine that you are required to purchase. If you meet Edge Systems LLC’s credit standards and you choose this option, for the purchase of one machine you will pay \$7,500 down and make ten monthly payments of \$1,740 at an interest rate of 0%, based on the cost of a HydraFacial machine as of the date of this Disclosure Document. Due to planned increases in the cost of the HydraFacial machine beginning on January 1, 2022, if you purchase your machine in 2022, the down payment will continue to be \$7,500, but you will make ten monthly payments of \$1,940 at an interest rate of 0%. If you are opening a Flex Location and meet credit standards, Retouch will finance the \$7,500 down payment, as described above.

Payments not made within five (5) days of the due date will be subject to an interest charge of 10% per annum on the outstanding balance (applied ratably). (Edge Systems Agreement – Section 5). Edge Systems LLC may repossess the equipment, without demand, notice or legal process, if any payment is materially late, and you waive any and all damages occasioned by such taking of possession. (Edge Systems Agreement – Section 5). A “Credit Code Counter” will be added to the equipment, and if a required payment is not received within five days of the payment due date, the equipment will be rendered inoperable until the payment is made. (Edge Systems Agreement – Section 14). You must agree to complete an Edge Systems LLC credit application and allow credit inquiries in connection with the financing arrangement. (Edge Systems Agreement – Section 15). You will have the ability to prepay your obligations without penalty.

We receive a referral fee from Edge Systems LLC equal to 10% of the purchase price for each HydraFacial machine purchased by a franchisee. A copy of the current Edge Systems LLC purchase agreement as of the date of this Disclosure Document is attached as Exhibit G-2.

Other than as set forth above, we do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

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

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

Pre-Opening Assistance

Before you open your Franchised Location, we will:

1. Provide you with specifications for your Franchised Location, including those for equipment, furniture, signs and décor, and, in the case of Brick and Mortar Locations, those for size, interior design and layout, image, building materials, and fixtures (Franchise Agreement – Sections 6.A-6.C, 7.A). We do not provide assistance in conforming the premises to local ordinances and building codes and obtaining any required permits, constructing, remodeling or decorating the premises, or hiring and training employees.

2. Provide you with a list of the approved suppliers for certain equipment, supplies, and services for your Franchised Location (Franchise Agreement – Section 9.F).

3. Provide the initial training program (Franchise Agreement – Section 7.B).

4. Provide you with access to the confidential Operations Manual. You must keep the Operations Manual confidential and discontinue using it when the Franchise Agreement terminates (Franchise Agreement – Section 7.D). As of the issuance date of this Disclosure Document, our Operations Manual contains 108 pages. A copy of the table of contents of our Operations Manual is attached to this Disclosure Document as Exhibit F.

5. Provide you with two email addresses (Franchise Agreement – Section 6.F).

6. Provide your Franchised Location with a contact listing on our website (Franchise Agreement – Section 9.O).

Ongoing Assistance

During the operation of your Franchised Location we will:

1. Provide periodic guidance to you, as we deem appropriate, with regard to the operation of your Franchised Location, including improvements and changes to our System (Franchise Agreement – Section 7.C).

2. Provide you with additional assistance, at your reasonable request and that we agree to provide, in exchange for a consulting fee (Franchise Agreement – Section 7.C).

3. Periodically provide you with updated and revised materials and updates to the Operations Manual, including any updates and improvements (Franchise Agreement – Section 7.D).

4. Maintain and administer the National Marketing Fund (Franchise Agreement – Section 5.A).

5. Sell (or cause our affiliates that are designated or approved suppliers, as applicable, to sell) to you certain products and supplies. (Section 9.F of the Franchise Agreement).

6. Provide periodic and ongoing training programs for you and your other personnel, as we deem appropriate. (Section 7.B of the Franchise Agreement).

Advertising Programs

National Marketing Fund

We operate a National Marketing Fund (the “**Marketing Fund**”) to advertise and promote Franchised Locations in the System. Currently, you will pay us a monthly National Marketing Contribution equal to two percent (2%) of your Gross Sales, but we reserve the right to increase this to three percent (3%) of your Gross Sales. We will deposit all of the National Marketing Contribution paid to us into the Marketing Fund, which we account for separately from our other revenues. We may use the Marketing Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, website development, digital advertising, one-time marketing, infomercial development, production and placement, direct marketing and education, and direct mail. We also will use the Marketing Fund to develop advertising and promotional materials for use in local markets. Although we do not currently do so, the Franchise Agreement gives us the right to develop an in-house advertising staff that assists in developing local advertising and other matters and to pay for that staff (and overhead) using the Marketing Fund. We also may contract with various outside advertising agencies and third-party vendors to produce certain advertising production and promotional materials and to create and implement public relations campaigns. We will determine the use of the Marketing Fund. We may be reimbursed for reasonable administrative costs and overhead incurred in administering the Marketing Fund.

We are not obligated to make expenditures for you that are equivalent or proportionate to your National Marketing Contribution, or to make sure that you or any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund, or to spend any amounts in any particular geographic area. National Marketing Contributions not spent in any fiscal year will be carried over for future use. We may make loans to the Marketing Fund bearing reasonable interest to cover any deficit of the Marketing Fund and cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. National Marketing Contributions will not be used for advertising principally directed at the sale of franchises. At your request, we will provide you with an annual unaudited statement of the receipts and disbursements of the Marketing Fund for the most recent fiscal year. In our last fiscal year, expenditures from the Marketing Fund by us were spent as follows:

Digital Marketing Platform and Tools - 80%
Advertising and Promotional Materials - 20%

Each new Franchised Location must pay the National Marketing Contribution. BodyBrite locations we or any affiliate of ours own do not contribute to the Marketing Fund.

We will provide you with advertising material templates. If you wish to develop your own advertising materials, these advertising materials must be developed at your own cost, be factually correct, accurately depict the Marks, communicate the brand position and character that we have established for Franchised Locations, and meet any other requirements that we have developed for such materials. If you develop your own advertisement materials, you must provide a copy of the materials to us for our review and approval (in writing) before you use the advertising materials. You must confirm that any advertising or promotional materials that we develop comply with applicable restrictions under state law, including any restrictions on the manner in which you (or any of your employees) are permitted to market their services.

If you do not believe that any advertising or promotional materials conform with state law requirements that apply to you or your employees, you must provide us with copies of applicable law, regulations or other guidance on which you based your determination and we will meet in good faith to resolve the issue.

Local Advertising

We require your Franchised Location to spend a minimum amount on local advertising and promotion of your Franchised Location within the Protected Area (the “**Local Expenditure**”), which as of the date of this Disclosure Document is \$1,500 per month. We may increase the Local Expenditure requirement, up to \$2,000 per month. Currently we require that you spend at least \$1,500 per month in digital advertising services from our affiliate Britely, which counts towards the Local Expenditure. If you do not spend the minimum amount required for local advertising and promotional activities, you must pay us the difference between the required expenditure and your actual expenditure. We also have the right to establish local or regional marketing cooperatives for geographic markets (“**DMAs**”) that we define. Marketing cooperatives pool the resources of multiple Franchised Locations in a DMA in order to conduct general marketing activities within a common market. With respect to any marketing cooperative we establish and which we designate for your Franchised Location, you must participate in such marketing cooperative and its programs and abide by its by-laws. You must contribute such amounts to the marketing cooperative(s) as it determines at any time and from time to time in accordance with its by-laws. Any BodyBrite location owned by us or any of our affiliates located in such DMA will contribute to the cooperative(s) on the same basis. Contributions to such local and regional marketing cooperatives will be credited toward your Local Expenditure requirement, with the exception of certain special regional promotions we may designate from time to time. If we establish an advertising cooperative, its by-laws will be available for your review. (Franchise Agreement, Section 5(C))

Grand Opening Advertising

Before you open your Franchised Location, you will be expected to advertise its opening and create a grand opening advertising plan that we approve, utilizing one of our designated marketing vendors. You must provide us with a grand opening advertising plan at least sixty (60) days prior to the opening of your Franchised Location. During the period of time beginning thirty (30) days before until thirty (30) days following the opening of your Franchised Location, you must spend a minimum of \$10,000 if you are opening a Brick and Mortar Location, and \$5,000 if you are opening a Flex Location, to implement a grand opening advertising and promotional campaign. As part of this campaign, you must purchase the Grand Opening Advertising Package from our affiliate, which is currently sold for \$4,000 for Brick and Mortar Location and \$2,000 for a Flex Location.

We may require you to provide proof that these funds were spent. If you fail to spend the minimum Grand Opening Advertising Requirement, we have the right to collect from you the difference between what you should have spent and what you actually spent. The Grand Opening Advertising Requirement is in addition to the Local Expenditure and any National Marketing Contribution that you must pay to us. We may require you to purchase certain other digital media, print media, branded promotional products, printed materials, signage, and similar items, from us, our affiliates, or other vendors that we designate. (Franchise Agreement, Section 5(G))

Advisory Councils

We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Franchised Locations, advertising conducted by the marketing funds, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision-making authority. An advisory council will be comprised of our representatives and

franchisee representatives. The franchisee representatives may be chosen by us or elected by other franchisees in the System. We will have the right to form, change, merge or dissolve any advisory council. (Franchise Agreement, Section 7(E))

Computer System

Computer Hardware

You must purchase and use computer hardware and software that we periodically designate for the operation of your Franchised Location. Currently, you must purchase a computer with high speed internet capabilities, an operating system no older than two years, and a printer, credit card reader/point-of-sale (“POS”) system, internet modem, and cash register that conform to our standards and specifications, as well as one iPad for a Flex Location and up to three iPads for a Brick and Mortar Location, to operate your business. We may provide you with detailed specifications and policies for these components, however, other than meeting our minimum requirements to ensure they are capable of integrating with our designated software, we do not currently specify the computers or types of hardware you purchase. The computers will not only assist you in operating your business, but the computer will be integrated with our business management software and the booking software. You will also use your computer to order your marketing materials and other supplies from us and our approved vendors. The cost of your computer will vary based on the brand and model you choose.

We do not have any obligation to upgrade or maintain the hardware you purchase or the software that comes with that computer and we cannot predict the costs of upgrades or maintenance. We do not offer any separate warranty.

The total cost to purchase the required Computer Hardware is approximately \$2,000 - \$4,000 which is subject to change, and dependent on the brands and model you choose. We reserve the right to change our specification in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, communications systems into conformity with our then-current standards for new Franchised Locations. There are no contractual limitations in the Franchise Agreement on the frequency and cost of the upgrading or updating of the computer hardware or software which we may require you to make.

Computer Software

Much of the software that you will use for your computer is standard software. You will need to obtain access to QuickBooks Online, which is currently \$20 - \$40 per month, depending on which version you choose, and which is subject to change. However, we do prescribe certain software you must use in your business including the business management software and booking software from our mandatory vendor.

We will arrange for you to obtain a license to use the required proprietary business management software, booking software, and any other required software specified in our Operating Manual. The cost of the business management software and booking software is included in the Technology Fee if you operate a Brick and Mortar Location and in the Flex Flat Fee if you operate a Flex Location. These software programs are proprietary products that have been approved for our System and we have not approved any compatible equivalent software. We and the software vendors will provide the continuing monthly support you need to operate the business management and booking software. We do not provide support for any third-party software.

As part of the Technology Fee you pay us if you operate a Brick and Mortar Location, or as part of the Flex Flat Fee you pay us if you operate a Flex Location, we or a designed vendor will also provide website hosting and provide to you email hosting and support (including up to two email addresses), antivirus support, and auto-push emails to mobile phones. There is no separate fee for this software, but you will need to access their portal and purchase required branded marketing materials that we require for use in your Franchised Location.

Ongoing Maintenance and Use

We are not obligated to provide you with ongoing maintenance, repairs, upgrades, or updates to your computer system. We anticipate that you will be required to upgrade or update the computer system during the term of the franchise, and there are no contractual limitations on the frequency and cost of the obligation. We estimate that the cost of any optional or required maintenance, and software and hardware upgrades will range from \$500 to \$1,000 annually. Other than as described above, we do not have any contractual obligation to upgrade or update any of your hardware or software during the term of this franchise.

You must have sufficient computer skills to be able to operate your computer system and to access email and the internet. You must have access to the internet and maintain an email account that allows us to communicate with you on a regular basis. You will use your computer for appointment scheduling, customer management, point-of-sale transactions, employee management and education, e-commerce, inventory management, business and payroll reporting, marketing, and social media integration.

We have the right to independently access your electronic information and data through our proprietary data management and any intranet system, and to collect and use your electronic information and data in any manner we choose to promote the development of the System and the sale of franchises. There is no contractual limitation on our right to receive or use information through our proprietary data management and any intranet system. You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems. We strongly recommend that your computer system be used for business purposes only, and not for entertainment, personal social networking site access, or other matters unrelated to your business.

Site Selection

You must locate your Franchised Location at a site that we consent to within the Protected Area stated in your Franchise Agreement. We do not own any locations that we lease to our franchisees. The criteria that we use to consider whether to consent to a proposed site includes the size of the proposed Franchised Location, its surrounding demographics, traffic patterns, visibility from surrounding roads or highways, the business mix of nearby establishments, the adequacy of signs and sign locations, and the appearance and other characteristics of the premises. You must submit to us information and materials we require and obtain our approval of the site. While the Franchise Agreement does not impose a time limit on us for approving sites, we generally expect to be able to determine whether or not to approve a site within 2 weeks after we receive all the information we require from you. If you and we cannot agree on a site, we have the ability to terminate the Franchise Agreement for your failure to commence operation of your Franchised Location within the required time frame, in which case you will forfeit your initial franchise fee.

Development Time

The typical length of time between our acceptance of the Franchise Agreement and the opening of a Brick and Mortar Location varies from three to six months; and from one to three months for a Flex Location. This period may be longer or shorter, depending on the time of year, availability of financing, how soon you can attend training or other factors. You must open your Brick and Mortar Location within 12 months

from the date the Franchise Agreement becomes effective, and you must open your Flex Location within four months from the date the Franchise Agreement becomes effective. Your failure to open your Franchised Location by the required deadline will constitute a default of your Franchise Agreement and allow us to terminate your Franchise Agreement.

Training

Our initial training program is conducted via electronic media or at one of our designated affiliate-owned or Franchised Locations, as we may determine in our discretion. We currently plan to offer the initial training program on an as needed basis, as we grant each new franchise, although we may schedule training for up to a month after you sign the Franchise Agreement to accommodate training of multiple franchisees simultaneously.

You may not open your Franchised Location unless your Operating Principal and Key Manager, if any, successfully complete the relevant sessions of the initial training program to our satisfaction. We have the right to terminate the Franchise Agreement if the Operating Principal or a designated Key Manager does not successfully complete the relevant parts of the initial training program to our satisfaction.

Initial Training Program

The Operating Principal and Key Manager must attend all phases of the initial training program:

TRAINING PROGRAM

Subject	Hours of classroom training	Hours of on-the-job training	Location
HyaPenPro	15	4	Electronically, Eden Prairie, Minnesota, and/or onsite at Franchised Location
Microneedling	1	2	Electronically, Eden Prairie, Minnesota, and/or onsite at Franchised Location
HydraFacial® Machine	5	5	Electronically and/or onsite at Franchised Location
PlasmaPen	15	3	Electronically, Eden Prairie, Minnesota, and/or onsite at Franchised Location
Business/Management /Upselling and Cross selling	5	15	Electronically, Eden Prairie, Minnesota, and/or onsite at Franchised Location
Body Contour	5	11	Electronically, Cocoa Beach, Florida, Eden Prairie, Minnesota, and/or onsite at Franchised Location
IPL/LASER	5	11	Electronically, Eden Prairie, Minnesota, and/or onsite at Franchised Location
Total	51	51	

The instructional materials for all training programs include the Operations Manual and handouts and visual aids. Training will include lectures, classroom discussion and/or observation opportunities. If you do not purchase optional body contouring and/or hair removal equipment, you will not receive the training associated with that equipment and therefore you will receive fewer total hours of training. Isabel Boal oversees all aspects of the initial training program. Isabel is our Vice President of Operations and prior to that was our Director of Operations since our inception. Before we launched our operations, Ms. Boal worked in this capacity for other franchise networks in the beauty industry for over 10 years, and has been a multi-unit franchisee owning and operating franchises offering beauty services in Portugal for over five years. Other members of our training staff may conduct training as necessary, and we may delegate our duties and share our training responsibilities. Training staff will have a minimum level of experience working in the beauty industry, or in business ownership, for at least three years, and will have at least three months experience working within the System.

You are responsible for all travel and living expenses that your Operating Principal and Key Manager incur while attending the initial training programs and any supplemental training we require. After you open your Franchised Location, each new Operating Principal and Key Manager must attend and successfully complete the training we require. We may charge you a fee for this additional training, currently anticipated to be \$150 per hour.

You are responsible for providing a training program for all of your employees other than the attendees of the Initial Training Program. If, at any time during your operation of your Franchised Location, you request that we provide additional training or assistance, or if we determine that you require additional training or assistance, you must pay our then-current training fee for each trainee (currently \$150 per hour) and you must reimburse us for all out of pocket costs and expenses incurred by our trainers associated with the additional training, including travel, lodging, meals and other reasonable expenses. Neither you nor your employees will receive any compensation from us for services performed during training. You will bear all other expenses incurred in such training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance.

We may periodically conduct a conference, convention, program, or training session, including, if we establish one, our annual franchise convention for all System franchise owners at a location that we choose and approve. We will determine the duration, curriculum, and location of these events. You and your Operating Principal must attend each conference, convention, program, or training session. We may also require your Key Manager (as defined below), including replacement managers, to complete initial and on-going training programs to our satisfaction. These meetings may be held electronically, in Eden Prairie, Minnesota, or any other place that we may designate and, except for the franchise convention, may last one to two days. Lastly, as a condition of renewing your Franchise Agreement, we may require you to undergo further training. We may charge a reasonable fee for these sessions and you must pay all expenses incurred in attending, including the travel, living and other expenses and wages of your employees while attending all training programs. You must also maintain a computer and any other necessary digital device on which you and your employees can perform those training programs that are available digitally.

ITEM 12. TERRITORY

When you sign a Franchise Agreement, you will receive the right to operate one Franchised Location, from a single location, provided that if you are operating a Flex Location, you may perform services and sell products identified by the Marks at locations we approve that are outside the Franchised Location, but not outside the Protected Area. You will also receive a “**Protected Area**” surrounding the location of your Franchised Location when you sign the Franchise Agreement. The Protected Area may be defined by reference to postal zip codes, geographic boundaries, or as a radius around your Franchised Location. The

size of your Protected Area will depend on a number of factors, including natural boundaries like highways and bodies of water, the number of households, demographics of the retail environment where the Protected Area exists, the size of the Franchised Location, and whether the location is in an urban area or a suburban area. While there is no minimum size for a Protected Area, Protected Areas in urban areas generally consist of at least 150,000 individuals; however this may be less in less populated areas. The location of your Franchised Location and the Protected Area will be identified in Exhibit A to the Franchise Agreement.

During the term of the Franchise Agreement, if you are complying with the terms of the Franchise Agreement, we will not establish any other franchised or company-owned BodyBrite locations inside the Protected Area, other than at facilities at “Reserved Sites,” as defined below. However, we (for ourselves and our affiliates) reserve the rights (without compensation to you) to: (1) directly operate, and to grant other persons the right to operate, Franchised Locations at locations outside the Protected Area; (2) sell the services and products authorized for sale at Franchised Locations under the Marks or other trademarks and service marks through dissimilar channels of distribution (i.e., other than at a BodyBrite Brick and Mortar Location), including by electronic means such as the internet, mail order, catalogs, kiosks, mass merchandise, supermarkets and club stores, or other forms of distribution channels or methods, even if you sell these products at your Franchised Location; (3) advertise the System on the internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks; (4) advertise your Franchised Location on the internet (or any other existing or future form of electronic commerce), as a BodyBrite Franchised Location; (5) directly operate, and grant other persons the right to operate, Franchised Locations at any location within or outside the Protected Area at facilities within Reserved Sites; and (6) establish and operate, or grant others the right to operate, other beauty bars or salons not identified with the BodyBrite Marks (even those that offer products or services that may compete with the products or services sold in your Franchised Location) in any location, including within your Designated Area. “**Reserved Sites**” are hospitals, clinics, health clubs, military bases, shopping malls (whether open-air or enclosed), educational facilities (e.g., school, college, and university campuses), major industrial or office complexes, hotels, airports, existing retail stores, fairs, and expos

You may not engage in any advertising or promotional activities to customers located outside of your Protected Area, unless you are part of an approved marketing cooperative or otherwise obtain our prior written consent. If you are operating a Brick and Mortar Location, you may only provide services and sell products at your Franchised Location. If you are operating a Flex Location, you may only perform services and sell products within your Protected Area. You may not use other channels of distribution, including the Internet, except as we approve in advance. We will not pay you any compensation for soliciting or accepting orders within the Protected Area.

We will not grant to you any options, rights of first refusal or similar rights to acquire additional franchises within a particular territory. You may relocate the Franchised Location if it is destroyed, condemned or otherwise becomes untenable by fire, flood or other casualty, provided that you reopen the Franchised Location at a new location within the Protected Area within (1) six months, in the case of a Brick and Mortar Location, or (2) four months, in the case of a Flex Location, after you discontinue operations at the existing location. If you wish to relocate your Franchised Location within the Protected Area for other reasons, we will not unreasonably withhold our consent to the proposed relocation, provided that you meet the following conditions: (1) provide us with at least ninety (90) days’ written notice prior to the closing of the Franchised Location at the existing location; (2) obtain a site acceptable to us under our then-current standards; (3) agree to open the new Franchised Location within five days after you close the prior location; and (4) pay a relocation fee of up to \$1,000.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. Neither we nor our

affiliates have present plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will sell, but we may do so in the future.

ITEM 13. TRADEMARKS

You will have the limited right to use the Marks we designate to operate your Franchised Location. You must use the Marks only for the operation of your Franchised Location and in the manner authorized by us. Through our affiliate, Simply HairFree IP, LLC, the following trademark has been registered on the principal register of the United States Patent and Trademark Office (“USPTO”):

MARK	SERIAL NUMBER	REGISTRATION NUMBER	REGISTRATION DATE	REGISTRY
BODYBRITE (word mark)	85/569506	4325695	April 23, 2013	Principal

We have filed or intend to file all required affidavits and renewals for the Mark listed above. We have the right to use the Marks through a perpetual licensing agreement with our affiliate Simply HairFree IP, LLC (the “License Agreement”). Under the License Agreement, we have the indefinite right to use the Marks in connection with our establishment, development, operation, and management of Franchised Locations and of the System. Our license is not exclusive, and Simply HairFree IP may license others to use the Marks. The term of the License Agreement is indefinite unless we fail to perform our obligations under the License Agreement for a period of thirty (30) days or both parties mutually agree to terminate the License Agreement. Because we and Simply HairFree IP, LLC are both wholly owned subsidiaries of our parent, we do not anticipate an effect on your rights to use the Marks if the Trademark License Agreement is terminated.

We may change the Marks and require you to adopt new marks as if they were part of the Franchise Agreement at the time you sign it. You must comply with these changes immediately after we notify you that we have discontinued, modified, or changed one or more of the Marks. We will have no liability or obligation because of the discontinuation, modification, or change. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks when the Franchise Agreement expires or terminates. Any use of our Marks must conform to the requirements defined in the Operations Manual. You are not permitted to make any changes or substitutions respecting the Marks unless we direct in writing. You may not use any Mark or portion of any Mark as part of any corporate or any trade name, or any modified form or in the sale of any unauthorized product or service, or in any unauthorized manner. You must obtain fictitious or assumed name registrations as may be required under applicable law. You may not use any Mark or portion of any Mark on any website, email address, or as a social media account or page without our prior written approval. You must use the designations of ®, TM, and SM in advertising and promotions using the Marks, as we designate. You must not directly or indirectly contest the validity of the Marks or our right to use or license the Marks, trade secrets, confidential information, or business techniques that are part of our System.

There are currently no effective material determinations by the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise. You must immediately notify us of any apparent infringement of or challenge to your use of any Marks, and we have sole discretion to take any action we deem appropriate. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Marks in

any state; however, a federal trademark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Therefore, before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

We must indemnify you against infringement or unfair competition claims arising out of your use of the Marks, provided that you used the Marks in the manner we directed. We reserve the right to control any litigation relating to the Marks and we will have the sole right to decide to pursue or settle any infringement actions relating to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you will make these changes or substitutions at your own expense.

Our affiliate Simply HairFree Franchising IP is the lawful owner of the domain name www.bodybriteusa.com. You cannot register any of the Marks now or in the future owned by us or any abbreviation, acronym, or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the system on the Internet and to create, operate, maintain and modify, or discontinue using of a website using the Marks. You may access our website. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the internet in connection with your Franchised Location; (iii) create or register any Internet domain name, website, or social media account, username or page in connection with your Franchised Location; or (iv) use any email address that we have not authorized for use in operating your Franchised Location.

ITEM 14.

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered or pending that are material to the franchise. We do claim copyright ownership and protection for the Operations Manual, advertising and promotional materials, forms and for certain other written materials we provide to assist you in operating your Franchised Location, but we have not registered any of these materials with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are our property. You may use them only as long as you are a franchisee, and only as provided in your Franchise Agreement.

There are no current material determinations of the USPTO, the United States Copyright Office or any court regarding any patents or copyrights belonging to us. Further, there are no material proceedings pending before the USPTO or any court. There is no agreement that limits the use of any patent application or copyright belonging to us. We are not aware of any patent or copyright infringement that could materially affect you.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights owned by us, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of our patents or copyrights of which you become aware.

We own certain proprietary or confidential information relating to the operation of Franchised Locations, including information in the Operations Manual (“Confidential Information”). This Confidential Information includes all trade secrets, knowledge or know-how, information, advertising, marketing, designs, plans, or methods of operation. You may use this Confidential Information, in the manner we approve, in the operation of your Franchised Location during the duration of your Franchise Agreement.

However, you may not use this Confidential Information in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. When your Franchise Agreement expires or terminates, you must return to us all Confidential Information and all other copyright material. You must notify us immediately if you learn of an unauthorized use of the Confidential Information. We are not obligated to take any action and we will have the sole right to decide the appropriate response to any unauthorized use of the Confidential Information. You must comply with all changes to the Operations Manual at your cost.

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

If you are not an individual, then you must designate one of your owners, who must be an individual person and who must be reasonably acceptable to us, to act as the decision-maker and our primary contact for your Franchised Location (the “**Operating Principal**”). The Operating Principal must at all times own and control, or have the right to own and control, subject to conditions reasonably acceptable to us, not less than twenty percent (20%) of your equity and voting rights. Unless a separate Key Manager that meets our qualifications is approved by us, your Operating Principal must devote full-time and best efforts to the supervision of your Franchised Location. If your Operating Principal elects not to supervise the day-to-day operations of your Franchised Location, you must designate a “Key Manager” that meets our qualifications to supervise the operation of your Franchised Location before the opening of your Franchised Location. Your Key Manager must devote full-time and best efforts to the supervision of your Franchised Location. You acknowledge that the appointment of a Key Manager will not relieve your Operating Principal of his or her supervisory responsibilities for the operation of your Franchised Location. You and your Operating Principal will remain fully responsible for your Key Manager’s performance. If your Key Manager resigns or is terminated, or no longer meets our qualifications, your Operating Principal must immediately assume operational management and supervision of your Franchised Location on a full-time basis. If you are a business entity, your Key Manager need not own any equity interest in you. You, the Operating Principal, and, if applicable, your Key Manager, must complete our initial training requirements and all other training we reasonably designate. We also require that the controlling owner in your business and the Operating Principal, if different, attend our Annual Conference each year, even if that person is not personally supervising your Franchised Location.

Each individual who directly or indirectly owns an interest in the franchisee entity is considered an “Owner” and must, along with the spouse of any Owner, sign the Guaranty and Assumption of Obligations attached to the Franchise Agreement. This guarantee is for all the obligations of the franchisee under the Franchise Agreement, and also includes an agreement to be bound by the confidentiality and noncompete provisions of the Franchise Agreement. The guarantees will be in the form of the Guaranty and Assumption of Obligations attached as Exhibit C to the Franchise Agreement. In addition, all of your employees who have managerial duties at your Franchised Location, as well as all corporate officers and directors of a corporate franchisee entity (and all partners in a partnership), may be required to sign a written agreement to maintain the confidentiality of our Confidential Information described in Item 14. You must ensure that all ownership of your Franchised Location complies with any applicable state law restrictions on the corporate practice of medicine.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell in your Franchised Location BodyBrite services and products we have approved and no other services or products, subject to applicable law. Further, you must offer all goods and services that we designate as required for all franchisees.

You must at all times maintain an inventory of approved products and equipment in the quantities and varieties that we direct. We may add new services or products that you must offer at your Franchised Location. Our right to modify the approved list of services and products to be offered at a Franchised Location is not limited. You must not use your Franchised Location to refer business to other, non-BodyBrite businesses owned by you, without prior written approval by us.

You may not engage in any advertising or promotional activities to customers located outside of your Protected Area, unless you are part of an approved marketing cooperative or otherwise obtain our prior written consent. If you are operating a Brick and Mortar Location, you may only provide services at your Franchised Location. If you are operating a Flex Location, you may only perform services and sell products at approved locations within your Protected Area. You may not use other channels of distribution, including the Internet, except as we approve in advance.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Agreement	Summary
a. Length of the franchise term	Section 3.A	For Brick and Mortar Location, 10 years commencing on date of the Franchise Agreement. For Flex Location, 5 years commencing on date of the Franchise Agreement.
b. Renewal or extension of the term	Section 3.B	For Brick and Mortar Location, right to renew for additional 5-year term if you satisfy all renewal requirements. For Flex Location, right to renew for two additional 5-year terms if you satisfy all renewal requirements.
c. Requirements for you to renew or extend	Section 3.B	You meet certain conditions, including proving notice, comply with the terms of the Franchise Agreement, update your Franchised Location premises (in the case of a Brick and Mortar Location), maintain licenses, attend training, signing then-current franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement), pay a renewal fee and sign release.
d. Termination by you	Section 16	We violate a material provision of the Franchise Agreement and fail to cure within 60 days of notice from you.
e. Termination by us without cause	Not applicable	Not applicable.

f. Termination by us with cause	Section 15	Subject to applicable law, we can terminate the Franchise Agreement only if you are in default and fail to cure your default within the required time period, or if you commit a non-curable default.
g. “Cause” defined – curable defaults	Sections 15.A, 15.B and 15.C	You have 10 days to cure failure to pay any fees owed to us, and 30 days to cure any material breaches of the Franchise Agreement, failure to conform to our standards including Operations Manual specifications, each case subject to any longer period required by applicable law.
h. “Cause” defined – non-curable defaults	Sections 15.B and 15.C	Non-curable defaults include 3 or more defaults in 18-month period, deceptive practices, material misrepresentations, insolvency, abandonment of the business, unauthorized use of the Marks, unauthorized assignment, failure to maintain licensing or certifications, violation of professional conduct or ethical code, violations of law and falsification of data, or the nature of the breach makes it uncureable, all as further described in the Franchise Agreement.
i. Your obligations on termination/nonrenewal	Section 17	Obligations include pay all amounts due, discontinue use of all Marks and Operations Manual, assign to us all dedicated phone numbers, transfer client data (to extent permitted by law), cease use of confidential information, and comply with all non-compete provisions (see Section r).
j. Assignment of contract by us	Section 14.A	No restriction on our right to assign. Assignee must fulfill our obligations under the Franchise Agreement.
k. “Transfer” by you-defined	Section 14.B	Includes any transfer of over 50% of ownership interest in you, or transfer of Franchise Agreement or Franchised Location.
l. Our approval of transfer by franchisee	Section 14.B	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 14.B	New franchisee qualifies, transfer fee paid, all amounts owed by prior franchisee paid, required modernization completed, initial training completed, non-compete agreements signed, guarantees and/or new franchise agreements signed (which may contain materially different terms and conditions than your original Franchise Agreement), assignment of lease and terms of transfer does not negatively impact the ability to profit after transfer. You and your owners, if any, must sign a general release of claims against us, except to the extent limited or prohibited by law.
n. Our right of first refusal to acquire your business	Section 14.D	We can match any offer for your business.

o. Our option to purchase your business	Section 17.C	We have the option to purchase any or all of your assets at book value upon termination or nonrenewal of your Franchise Agreement.
p. Your death or disability	Section 14.C	Franchise may appoint competent individual to serve as Operating Principal within 30 days from date of death or disability with Franchisor consent. May assign franchise within 12 months of death or disability, so long as assignment conditions are met (see m. above).
q. Non-competition covenants during the term of the franchise	Sections 13.A and 13.B	Must not directly or indirectly divert any business, account or customer to any Competitive Business; must not have any interest in or connection with any Competitive business. "Competitive Business" includes any business operating or franchising an establishment at which more than 10% of the offerings consist of minimally invasive or invasive spa services, med spa services, and/or beauty services for the face or body.
r. Non-competition covenants after the franchise is terminated or expires	Sections 13.A and 13.C	For two years, must not directly or indirectly (i) divert any business, account or customer to any Competitive Business, or (ii) be involved in Competitive Business located within a 10-mile radius of the Franchised Location or any other BodyBrite location.
s. Modification of the agreement	Sections 7.D and 20.D	No modifications generally, except as signed in writing by both parties. We may modify Operations Manual at any time.
t. Integration/merger clause	Section 20.J	Only terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of this disclosure document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19.A	Except for certain claims, all disputes must be mediated, and if not settled by mediation, are then subject to arbitration.
v. Choice of forum	Sections 19.A, 19.B and 19.C	Litigation must be held in the federal or state court for the district where our principal executive office is located (subject to state law). Mediation must occur a metropolitan area within 20 miles of our principal executive office and arbitration must occur in the office of the American Arbitration Association closest to our principal executive office. Subject to state law.
w. Choice of law	Section 19.D	Minnesota law applies generally, except for federal law and applicable franchise laws of other states. Subject to state law.

**ITEM 18.
PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

**ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

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 Christopher Hardy, at 5108 West 7th Street, Minneapolis, MN 55439; (612) 888-0532, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION**

**Table 1
Systemwide Outlet Summary For Years 2019 to 2021**

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2019	14	16	+2
	2020	16	13	-3
	2021	13	11	-2
Company-Owned	2019	3	2	-1
	2020	2	2	0
	2021	2	3	+1
Total Outlets	2019	17	18	+1
	2020	18	15	-3
	2021	15	14	-1

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2019 to 2021

STATE	YEAR	NUMBER OF TRANSFERS
Texas	2019	0
	2020	1
	2021	0
Totals	2019	0
	2020	1
	2021	0

Table 3
Status of Franchised Outlets For Years 2019 to 2021

STATE ¹	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS / OTHER REASONS	OUTLETS AT THE END OF THE YEAR
Colorado	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Florida	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Georgia	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
Illinois	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

STATE ¹	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	TERMINA- TIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS / OTHER REASONS	OUTLETS AT THE END OF THE YEAR
Michigan	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Minnesota	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	1	0	0
Nebraska	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New York	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
Oregon	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	1	0	0	0	0
Texas	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Virginia	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
TOTAL	2019	14	2	0	0	0	0	16
	2020	16	1	0	0	0	4	13
	2021	13	0	1	0	1	0	11

¹ This chart represents locations with opened centers through the end of 2021.

Table 4
Status of Company-Owned and Affiliate-Owned Outlets For Years 2019 to 2021

STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
Louisiana	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Minnesota	2019	1	0	0	1	0	0
	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
New York	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
TOTALS	2019	3	0	0	1	0	2
	2020	2	0	0	0	0	2
	2021	2	0	1	0	0	3

Table 5
Projected Openings as of December 31, 2021

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
Colorado	0	0-1	0
Florida	0	0-1	0
Georgia	1	1	0
Texas	0	0-2	0
TOTAL	1	1-5	0

Notes

1. We are looking for prospective franchisees throughout the United States, and cannot know in advance where we might find prospects. Therefore, any projection of this nature is very speculative. We will add franchises wherever we find qualified prospects.

Listed on Exhibit H are the names, addresses and telephone numbers of all of our franchisees. The Franchised Locations owned by our affiliates are also listed on Exhibit H. The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to

do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document will be listed on Exhibit H to this Disclosure Document when applicable.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience in the BodyBrite System. You may wish to speak with current and former franchisees, but be aware that not all of such franchisees will be able to communicate with you.

We have not created, sponsored, or endorsed any franchise organization and no independent franchisee organization has asked to be included in this Disclosure Document.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit B are the audited financial statements for fiscal years ending December 31, 2019, December 31, 2020, and December 31, 2021. We are also attaching our interim balance sheet as of February 28, 2022. Our fiscal year end is December 31.

ITEM 22. CONTRACTS

The Franchise Agreement is attached as Exhibit A to this Disclosure document. The following additional contracts or agreements are attached to the Franchise Agreement:

Exhibit	Franchise Agreement
A	Franchised Location and Protected Area
B	Lease Rider
C	Guaranty and Assumption of Obligations
D	State Addenda

Also attached to this Disclosure Documents are the following agreements and other required exhibits:

Exhibit D	State-Specific Addenda
Exhibit E	Disclosure Acknowledgment Agreement
Exhibit G-1	Retouch Beauty Company LLC Equipment Finance Agreement
Exhibit G-2	Edge Systems LLC d/b/a The HydraFacial Company Equipment Purchase Agreement

ITEM 23. RECEIPTS

Exhibit I to this Disclosure Document includes detachable Receipts acknowledging your receipt of this Disclosure Document. Please return one Receipt to us and retain the other for your records.

EXHIBIT A
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

FRANCHISEE

DATE OF AGREEMENT

BODYBRITE® FRANCHISE AGREEMENT

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Exhibits

- A – Franchised Location and Protected Area
- B – Lease Rider
- C – Guaranty and Assumption of Obligations
- D – State Addenda

BODYBRITE® FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made and entered into this ____ day of _____, 20____, between Simply HairFree Franchising II, LLC d/b/a BodyBrite, a Minnesota limited liability company, with a principal place of business at 5108 W 78th Street, #390425, Minneapolis, MN 55439 (“Franchisor”), and _____, a _____ formed and operating under the laws of the State of _____, or _____, an individual, with a principal place of business at _____ (“Franchisee”).

INTRODUCTION

A. Franchisor has developed and owns a proprietary system (the “System”) relating to the development and operation of franchised locations that focus on hair removal, body rejuvenation, minimally invasive skin, face and body treatments, and other beauty services under the BODYBRITE® mark and other trademarks and service marks (the “Marks”) used in the System.

B. Franchisor grants qualified individuals the right to develop and operate a BodyBrite Franchised Location (as defined below) at an authorized location within a specified geographic area.

C. Franchisee desires to obtain the right to develop and operate a BodyBrite Franchised Location using the System at a specific location within the Protected Area (as defined below) identified in Exhibit A to this Agreement.

AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

1. DEFINITIONS

A. A “BodyBrite Franchised Location” means an individual franchised location, which is either a Brick and Mortar Location or a Flex Location, offering BodyBrite Services under Franchisor’s Marks.

B. “BodyBrite Services” means the hair removal, body rejuvenation, minimally invasive skin, face and body treatments, and other beauty and related services provided to individuals by BodyBrite Franchised Locations according to Franchisor’s standards, specifications and protocols and the Brand Standards and System, as specified in Franchisor’s Operations Manual.

C. “Brand Standards” means the standards and specifications that Franchisor designates for use of the Marks in operating, advertising and marketing Franchisee’s Franchised Location, to promote and maintain the goodwill associated with Marks, as described in Franchisor’s Operations Manual.

D. “Brick and Mortar Location” means a BodyBrite Franchised Location that operates from a fixed location displaying certain interior trade dress, furniture and fixtures, and décor items utilizing the System.

E. “Client Data” has the meaning described in Section 9(I).

F. “Confidential Information” includes the methods, techniques, practice protocols, formats, marketing and promotional techniques and procedures, specifications, information, trade secrets, systems

and knowledge of and experience in the operation and franchising of the Franchised Location that Franchisor communicates to Franchisee or that Franchisee otherwise acquires in operating the Franchised Location under the System. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by Franchisee.

G. “Flex Location” means a BodyBrite Franchised Location that does not operate from a fixed retail location, but instead sets up operations from a residential or temporary location.

H. The “Franchised Location” means the BodyBrite Franchised Location developed and operated by Franchisee under this Agreement, which offers BodyBrite Services to customers according to Franchisor’s proprietary practice standards and protocols and the Brand Standards and System, as Franchisor designates.

I. “Key Manager” means any person designated by Franchisee and approved by Franchisor pursuant to this Agreement to manage the day-to-day on-site operations of the Franchised Location.

J. “Marks” means the BODYBRITE® mark and other trademarks, service marks, domain names, logos and commercial symbols that Franchisor has designated, or may in the future designate, for use in the System.

K. “Operating Principal” means any person who directly or indirectly owns a twenty percent (20%) or greater interest in Franchisee and who (i) has been approved by Franchisor to actively operate the Franchised Location; (ii) oversees the day-to-day operations of the Franchised Location if an approved Key Manager has not been designated; and (iii) has successfully completed all training Franchisor requires.

L. “Owner” means each person who directly or indirectly owns an interest in Franchisee if Franchisee is an entity.

M. “Protected Area” means the geographic area, identified in Exhibit A, in which Franchisor will not directly operate a BodyBrite location, or franchise anyone else to operate a BodyBrite Franchised Location, subject to the terms of this Agreement.

N. “Required Opening Date” means the date, described in Exhibit A, by which the development of the Franchised Location is completed and the Franchised Location is open for business.

O. “Reserved Sites” means sites located within hospitals, clinics, health clubs, military bases, shopping malls (whether open-air or enclosed), educational facilities (e.g., school, college, and university campuses), major industrial or office complexes, hotels, airports, existing retail stores, fairs, and expos.

2. GRANT OF FRANCHISE

A. Grant of Franchise, Authorized Location and Protected Area. Subject to the provisions contained in this Agreement, Franchisor grants Franchisee a franchise (the “Franchise”) to develop and operate the Franchised Location at a site Franchisor approves (the “Authorized Location”) and to use the Marks and the System in operating the Franchised Location. The Authorized Location of the Franchised Location and Franchisee’s Protected Area are identified in Exhibit A.

B. Nature of Franchisee’s Protected Area. During the term of this Agreement and subject to Section 2(C) below, if Franchisee is in compliance with this Agreement, Franchisor will not directly operate

a BodyBrite location or franchise another to operate any other BodyBrite Franchised Location within the Protected Area.

The license granted to Franchisee under this Agreement is personal in nature, may not be used at any location other than the Franchised Location at the Authorized Location, does not include the right to offer services or sell products identified by the Marks at any location other than at the Franchised Location, and does not include the right to offer services or sell products identified by the Marks through any other channels of distribution, including but not limited to the internet (or any other existing or future form of electronic commerce), *provided that*, in the case of a Flex Location, Franchisee may perform approved BodyBrite Services and sell approved products identified by the Marks at locations Franchisor approves within the Protected Area that are outside the Authorized Location. In no event may a Franchisee operating a Flex Location perform BodyBrite Services or sell products identified by the Marks outside the Protected Area. Except as described in Section 6(H), Franchisee will not open any other BodyBrite Franchised Location in the Protected Area. Franchisee will not have the right to subfranchise or sublicense any of Franchisee's rights under this Agreement. Franchisee will not use the Franchised Location for any purposes other than the operation of a BodyBrite Franchised Location. Franchisee will use Franchisee's best efforts to concentrate Franchisee's advertising and promotion, or otherwise solicit only those potential customers who are either domiciled or who work within Franchisee's Protected Area. Franchisee's Protected Area does not include Reserved Sites.

C. Rights Reserved to Franchisor. Franchisor (for itself and its affiliates) retains the right:

1. to directly operate BodyBrite locations, and to grant other persons the right to operate BodyBrite Franchised Locations, at locations outside the Protected Area, or within the Protected Area at Reserved Sites;

2. to sell the services and products authorized for sale at BodyBrite Franchised Locations under the Marks or other trademarks and service marks, both within and outside the Protected Area, through dissimilar channels of distribution. "Dissimilar channels of distribution" means any method of distributing services and products (whether associated with the Marks or otherwise) other than the operation of a Brick and Mortar Location at a retail location or a Flex Location operating from a residential or temporary location. Dissimilar channels of distribution may include, but are not limited to, distribution by electronic means such as the internet, mail order, catalogs, kiosks, mass merchandise, supermarkets and club stores, or other forms of distribution channels or methods;

3. to advertise the Franchised Location, the Marks and BodyBrite Services on the internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of websites using the Marks; and

4. to establish and operate, or grant others the right to operate, other beauty bars or salons identified by trademarks, service marks, and trade dress, other than the Marks (including the BODYBRITE name and mark), pursuant to such terms as we deem appropriate and wherever such beauty bars or salons are located, which may be within the Designated Area.

3. TERM OF FRANCHISE; RENEWAL RIGHTS

A. Term. The term of this Agreement will commence on the date of this Agreement (the "Effective Date") and be for (i) five (5) years for a Flex Location, and (ii) ten (10) years for a Brick and Mortar Location.

B. Renewal. Franchisee will have the right to renew the Franchise for the Franchised Location, (i) in the case of a Brick and Mortar Location, for one (1) additional five (5) year term, or (ii) in the case of a Flex Location, for two (2) additional five (5) year terms; in each case under Franchisor's terms and conditions then being offered by Franchisor, provided Franchisee meets, at a minimum, the following conditions:

1. Franchisee has given Franchisor written notice of Franchisee's intention to renew at least one hundred twenty (120) days, but not more than one hundred eighty (180) days, before the end of the term of this Agreement;

2. Franchisee has complied with all of the material provisions of this Agreement, including but not limited to the payment of all monetary obligations Franchisee owes to Franchisor or Franchisor's affiliates, and has fully complied with Franchisor's material operating and quality standards and procedures;

3. The Operating Principal, Key Manager (if applicable), and all personnel maintain all necessary licenses for the full operation of the Franchised Location and complete, to Franchisor's satisfaction, any new training and refresher programs as Franchisor may reasonably require, provided that Franchisee shall be responsible for travel, living and compensation costs of attendees;

4. Franchisee pays to Franchisor at least thirty (30) days before the expiration of this Agreement a renewal fee of \$2,500 (the "Renewal Fee");

5. Franchisee signs Franchisor's then-current standard franchise agreement, modified to reflect that Franchisee must pay the Renewal Fee in lieu of the initial franchise fee stated in the then-current franchise agreement and modified to reflect the remaining number of renewal terms to which Franchisee is entitled;

6. Franchisee and each Owner signs a general release, in a form acceptable to Franchisor, of all claims against Franchisor and Franchisor's affiliates, officers, directors, employees, and agents; and

7. In the case of a Brick and Mortar Location, Franchisee maintains possession of the Franchised Location premises and has at Franchisee's expense made such reasonable capital expenditures necessary to remodel, modernize and redecorate the Franchised Location premises and to replace and modernize the supplies, fixtures, signs, and equipment used in Franchisee's franchised business so that the Franchised Location reflects the then-current standards for physical appearance of new BodyBrite Brick and Mortar Locations, or is able to secure a new location within the Protected Area which Franchisor accepts (such acceptance not to be unreasonably withheld) and agrees to construct all required improvements to the Franchised Location premises and install all required fixtures and equipment in compliance with Franchisor's then-current standards and specifications for new Franchised Locations.

Franchisee acknowledges and agrees that any renewal of the Franchise will be conditioned on Franchisee's agreement to Franchisor's then-standard terms and conditions and that Franchisee must sign Franchisor's then-current form of franchise agreement being offered to all new BodyBrite franchisees, as specified in Franchisor's then-current Franchise Disclosure Document. Franchisee acknowledges that the terms and conditions of Franchisee's renewal franchise agreement may vary, materially and adversely, from the terms and conditions of this Agreement. Specifically, and without limiting the preceding sentence, Franchisor's future form of franchise agreement may contain different provisions regarding the amount of and method

for calculating (i.e., percentage royalty versus flat fee), the Royalty Fee, Marketing Contributions, Flex Flat Fee, the Renewal Fee, local marketing expenditure requirements, and other material agreement provisions.

C. Upgrade. Upon Franchisor's approval, granted in its sole discretion, if Franchisee operates a Flex Location and desires to upgrade to a Brick and Mortar Location, Franchisee must sign a new franchise agreement, for a new term, in the form of Franchisor's then-current franchise agreement, *provided that*, in lieu of paying the initial franchise fee for a Brick and Mortar Location, Franchisee shall pay the difference between the initial franchise fee paid pursuant this Agreement as set forth on Exhibit A and the then-current initial franchise fee for a Brick and Mortar Location.

4. FRANCHISE AND OTHER FEES

A. Initial Franchise Fee. Franchisee shall pay Franchisor the initial franchise fee set forth on Exhibit A. The initial franchise fee is payable on the Effective Date. The initial franchise fee is fully earned by Franchisor when paid and is nonrefundable.

B. Royalty Fee. A Franchisee operating a Brick and Mortar Location will pay Franchisor a monthly non-refundable Royalty Fee (the "Royalty Fee") equal to the greater of:

- (i) (a) six percent (6%) of all monthly Gross Sales if total monthly Gross Sales are \$30,000 or less; or
- (b) five percent (5%) of all monthly Gross Sales if total monthly Gross Sales are between \$30,000 and \$50,000; or
- (c) four percent (4%) of all monthly Gross Sales if total monthly Gross Sales are greater than \$50,000;

or

- (ii) Seven Hundred and Fifty Dollars (\$750).

The term "**Gross Sales**" means the amount of sales of all products and merchandise sold or services rendered in, on, about or from the Franchised Location, together with any other revenues derived from the operation of the Franchised Location, whether by you or by any other person, whether or not in accordance with the terms of the Franchise Agreement, and whether for cash or on a charge, credit, barter or time basis, and whether collected or uncollected. Gross Sales excludes bona fide customer refunds up to three percent (3%) of Gross Sales, provided the related sales have previously been included in Gross Sales and sales taxes collected and paid to the proper authorities. The obligation of Franchisee to pay the Royalty Fee will apply for any Gross Sales generated or collected during the term of this Agreement, *provided that* the obligation to begin paying the minimum amount of \$750 will commence on the earlier of the date the Franchised Location opens or the Required Opening Date as described in Exhibit A hereto. Franchisee must report to Franchisor, each month during the term of this Agreement, in the manner specified by Franchisor, its Gross Sales (a "**Sales Report**"). The Royalty Fee is in exchange for Franchisee's use of the Marks and the System, including but not limited to access to the Operations Manual, and Franchisor's costs in maintaining the System. The Royalty Fee is due and payable on or before the fifth (5th) day of each month for the prior month, and will be collected by electronic funds transfer as described in Section 4(F) below. A Franchisee operating a Flex Location will not pay the Royalty Fee.

C. Marketing Contributions. During the term of this Agreement, Franchisee will pay to Franchisor for deposit in a national marketing fund (the "Marketing Fund") a non-refundable monthly

marketing contribution (the “Marketing Contribution”) equal to two percent (2%) of Gross Sales, subject to increase in accordance with Section 5(A). Additionally, Franchisee shall be required to make local advertising expenditures as required by Section 5(C). The Marketing Contribution is due and payable on or before the fifth (5th) day of each month for the prior month, and will be collected by electronic funds transfer as described in Section 4(F) below.

D. Technology Fees. Beginning on the date that is the earlier of (i) sixty (60) days before Franchisee’s planned opening date, or (ii) sixty (60) days before the Required Opening Date, a Franchisee operating a Brick and Mortar Location will pay Franchisor a (or its designee) its then-current “Technology Fee” for email hosting, website maintenance, access to electronic systems, and for such other technology as Franchisor may designate or license for Franchisee’s use. This Technology Fee may change from time to time. If Franchisor does not directly provide these services, Franchisee will be required to sign a separate agreement with Franchisor’s designated provider of these services (which may be an affiliate of Franchisor). Franchisor may increase this fee upon notice to Franchisee. Any fees paid in accordance with this Section 4(D) shall be non-refundable. A Franchisee operating a Flex Location will not pay the Technology Fee.

E. Flex Flat Fee. A Franchisee operating a Flex Location will pay Franchisor a monthly non-refundable Flex Flat Fee of One Thousand Five Hundred Dollars (\$1,500). The Flex Flat Fee is in exchange for Franchisee’s use of the Marks and the System, including but not limited to access to the Operations Manual, Franchisor’s costs in maintaining the System, and for email hosting, website maintenance, access to electronic systems, and such other technology as Franchisor may designate or license for Franchisee’s use. The Flex Flat Fee is due and payable on or before the fifth (5th) day of each month for the prior month, and will be collected by electronic funds transfer as described in Section 4(F) below. Franchisor may increase this fee upon notice to Franchisee, *provided that* the Flex Flat Fee will not exceed \$2,000 per month during the term of this Agreement. Franchisee’s obligation to pay the Flex Flat Fee begins on the date that is one month before the earlier of (i) the Required Opening Date, or (ii) the planned opening date of the Franchised Location.

F. Electronic Transfer of Funds. Franchisee must sign an electronic transfer of funds authorization and other documents as Franchisor periodically designates to authorize Franchisee’s bank to transfer, either electronically or through some other method of payment Franchisor designates, directly to Franchisor’s account and to charge Franchisee’s account for all amounts due to Franchisor from Franchisee. Franchisee’s authorization will permit Franchisor to designate the amount to be transferred from Franchisee’s account. Franchisee will maintain a balance in Franchisee’s accounts sufficient to allow Franchisor to collect the amounts owed to Franchisor when due. Franchisee will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein. If any payments to Franchisor are made by credit card, Franchisee must pay the additional credit card transaction fees.

G. Interest and Fees on Late Payments. All Royalty Fees, Flex Flat Fees, Technology Fees, Marketing Contributions, and other amounts which Franchisee owes to Franchisor or Franchisor’s affiliates will bear interest after the due date at the lesser of: (1) one-and-one-half percent (1½%) per month; or (2) the maximum contract rate of interest permitted by law in the state in which the Franchised Location is located. In addition to its right to charge interest as provided herein, Franchisor may charge Franchisee a late payment fee of \$10 per day for all such overdue payments and a \$25 insufficient funds fee for each check, automated bank draft payment, or other payment method that is not honored by Franchisee’s financial institution.

H. Application of Payments. Franchisor has discretion to apply against amounts due to Franchisor or any of Franchisor’s affiliates any payments received from Franchisee or any amount Franchisor or any of Franchisor’s affiliates owe Franchisee.

I. Withholding Payments Prohibited. Franchisee agrees that Franchisee will not withhold payment of any Royalty Fees, Flex Flat Fees, Technology Fees, and Marketing Contributions or any other amount due Franchisor or any of Franchisor's affiliates, and that the alleged non-performance or breach of any of Franchisor's obligations under the Franchise Agreement or any related agreement does not establish a right at law or in equity to withhold payments due Franchisor for Royalty Fees, Flex Flat Fees, Technology Fees, and Marketing Contributions or any other amounts due.

J. Tax Indemnification. Franchisor has the right to require Franchisee to indemnify and reimburse Franchisor and Franchisor's affiliates for all sales and use taxes that the state or other taxing authority in which the Franchised Location is located imposes upon Franchisor as a result of Franchisee's operation of the Franchised Location, Franchisor's providing services under this Agreement or the license of any of Franchisor's intangible property in the jurisdiction in which the Franchised Location is located.

K. Other Fees.

- (i) **Standard Default Fee.** In addition to Franchisor's other rights under the law and this Agreement, if Franchisee breaches or defaults on certain provisions of this Agreement that are not otherwise addressed by another fee in this Section 4(K), and Franchisee fails to cure the breach or default during the cure period, Franchisee will immediately on notice from Franchisor pay to Franchisor its then current "Standard Default Fee" per default per cure period that passes until the breach or default is cured to offset Franchisor's costs incurred in addressing the default. Breaches and defaults subjecting Franchisee to the Standard Default Fee are material breaches and defaults of this Agreement and include, but are not limited to, those breaches and defaults outlined in this Agreement's Section 15(A). Franchisee must pay the Standard Default Fee immediately upon notice from Franchisor.
- (ii) **Prohibited Product, Service or Supplier Fee.** In addition to Franchisor's other rights under the law and this Agreement, in the event Franchisee uses any supplier not approved by Franchisor, or offers any unapproved product or service in connection with the Franchised Location in violation of this Agreement, Franchisor reserves the right to charge Franchisee a fee of Five Hundred Dollars (\$500) per day of use of the unauthorized supplier, products or services, due immediately upon notice from Franchisor.
- (iii) **Unauthorized Advertising Fee.** In addition to Franchisor's other rights under the law and this Agreement, in the event Franchisee uses any advertising or promotional materials not approved by Franchisor in violation of this Agreement, Franchisor reserves the right to charge Franchisee a fee of Five Hundred Dollars (\$500) per day of use of unauthorized advertising or promotional materials, due immediately upon notice from Franchisor.

5. MARKETING

A. National Marketing Fund. During the term of this Agreement, Franchisee will pay the Marketing Contribution to Franchisor for deposit in the Marketing Fund. Franchisor will place all Marketing Contributions Franchisor receives in the Marketing Fund and will manage such funds. Reasonable disbursements from the Marketing Fund will be made to pay expenses Franchisor incurs in connection with the general promotion of the Marks and BodyBrite Services, including but not limited to the cost of formulating, developing and implementing advertising, marketing, promotional and public relations campaigns; website development, digital advertising, advertising placement, direct marketing and education; direct mail; and the reasonable costs of administering the Marketing Fund, including but not limited to the cost of employing advertising, public relations and other third-party agencies to assist Franchisor and providing promotional brochures, digital content, and advertising materials to BodyBrite

Franchised Locations, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to Franchisor's employees engaged in advertising and marketing activities and in administration of the Marketing Fund. The Marketing Fund is not a trust or escrow account, and Franchisor has no fiduciary obligations regarding the Marketing Fund. Franchisor cannot ensure that any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising in its local market. Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions of Franchised Locations to the Marketing Fund in that year. Franchisor may, through the Marketing Fund, furnish Franchisee with approved local marketing plans and materials on the same general terms and conditions as plans and materials Franchisor furnish to other BodyBrite Franchised Locations. Franchisor will determine the methods of advertising, media employed and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Franchisee will be responsible for confirming that the advertising and promotional materials that Franchisor prepares, as well as any additional materials that Franchisee prepares and desires to use in marketing or promoting the Franchised Location, comply with any applicable restrictions under state law pertaining to the manner in which Franchisee is permitted to advertise or market BodyBrite Services. Upon written request, Franchisor will provide Franchisee an annual unaudited statement of the receipts and disbursements of the Marketing Fund for the most recent fiscal year. Franchisor may increase the Marketing Contribution for any business purpose upon thirty (30) days written notice to Franchisee, but in no event will such Marketing Contribution exceed three percent (3%) of Gross Sales.

B. Approved Advertising, Media Plans and Franchised Location Promotion Materials. Franchisor will provide Franchisee with advertising material templates. Franchisee will use only approved advertising and promotional materials in promoting the Franchised Location. If Franchisee desires to use any advertising or promotional materials in promoting the Franchised Location that Franchisor previously has not approved, Franchisee must obtain written approval from Franchisor before using any such materials, which approval will not be unreasonably withheld. Notwithstanding the foregoing, nothing in this Section shall be construed to alter or change Franchisee's responsibility for ensuring that the advertising and promotional materials, whether or not supplied by Franchisor, comply with applicable state law requirements that apply to Franchisee (as discussed in Section 5(A)). Advertising and promotional materials must conform to the Brand Standards.

C. Regional/Local Advertising. Provided that Franchisor does so on a uniform basis for all similarly situated BodyBrite franchisees, Franchisor has the right to require that Franchisee spend a minimum amount on approved local advertising and promotion of the Franchised Location within Franchisee's Protected Area (the "Local Expenditure"). The amount of the Local Expenditure will be determined by Franchisor from time to time, but will not, during the initial term of this Agreement, exceed Two Thousand Dollars (\$2,000) per month. If Franchisee does not meet the Local Expenditure requirement in any month, Franchisee must pay Franchisor the difference between the Local Expenditure requirement and Franchisee's actual expenditure. Franchisor may require that all or a portion of the Local Expenditure be spent on purchases from mandatory vendor(s), which may include Franchisor or its affiliates. Franchisor also has the right to create or modify a Designated Market Area ("DMA") for the geographic area in which the Franchised Location is located. Franchisee must participate in, support and contribute up to one hundred percent (100%) of Franchisee's Local Expenditure to the DMA in which Franchisee's Franchised Location is located, if one has been established. Franchisor will provide Franchisee with not less than thirty (30) days' notice in any change in the amount of Local Expenditure. Franchisor has the right to establish rules governing any DMA, or to dissolve or modify any DMA as Franchisor deems advisable.

D. Participation in Certain Programs and Promotions. Franchisee will use Franchisee's best efforts to promote and advertise the Franchised Location and will participate in all advertising and promotional programs Franchisor establishes in the manner Franchisor directs to the extent permissible under applicable law.

E. Advertising in Franchisee's Protected Area. Franchisee will use Franchisee's best efforts to avoid directly soliciting business from outside of Franchisee's Protected Area, unless such area is not the Protected Area of another BodyBrite Franchised Location and subject to the prior approval of Franchisor.

F. Pricing and Customer Billing. Franchisor may, from time to time, make suggestions to Franchisee with regard to Franchisee's pricing policies and Franchisor may establish mandatory pricing policies (and policies regarding publication of pricing information), including without limitation, promotional programs, in accordance with then-current prevailing law. Franchisor has the right to establish maximum prices to be charged by Franchisee for sales promotions and otherwise, but any exercise of that right will be specifically set forth in writing. Any list or schedule of prices Franchisor furnishes to Franchisee may, unless otherwise specifically stated as to the maximum price, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between Franchisee and Franchisor.

G. Grand Opening Advertising Program. Franchisee, at its sole expense, will develop and implement a grand opening advertising and marketing program that must be submitted to Franchisor within time periods specified by Franchisor and must be approved by Franchisor to introduce the Franchised Location. The grand opening advertising and marketing program may include minimum amounts that Franchisee must spend on specific grand opening advertising and marketing efforts within time periods specified in the program (the "Grand Opening Advertising Requirement"). Franchisee will submit to Franchisor, for Franchisor's prior written approval, a marketing plan and samples of all advertising and promotional material not prepared or previously approved by Franchisor. Franchisee agrees that it may be required to purchase advertising services, materials, and/or packages from Franchisor or its affiliates to meet the Grand Opening Advertising Requirement. Franchisor may require Franchisee to provide proof of Franchisee's expenditures on the Grand Opening Advertising Requirement. If Franchisee fails to spend the minimum Grand Opening Advertising Requirement, Franchisor has the right to collect from Franchisee the difference between what Franchisee was required to spend and what Franchisee actually spent. For the avoidance of doubt, the Grand Opening Advertising Requirement is in addition to the Marketing Contribution and the Local Expenditure.

6. DEVELOPMENT AND OPENING OF THE FRANCHISED LOCATION

A. Brick and Mortar Location Premises. In the case of a Brick and Mortar Location: (i) the Franchised Location must be an independent business operation (not located within another business), may be situated in a stand-alone building or a strip center, and must otherwise meet Franchisor's standards and specifications as described in the Operations Manual or otherwise by Franchisor in writing, (ii) the Franchised Location must not be used for any treatments or procedures, or to offer any goods and services of any nature whatsoever, other than BodyBrite Services and products approved by Franchisor, and (iii) Franchisee must, at Franchisee's expense:

1. Construct all required improvements to the Franchised Location premises, purchase and install all required interior signs, fixtures, furniture, and equipment and decorate the premises in compliance with the plans and specifications Franchisor approves, and purchase all required initial inventory;
2. Acquire, consistent with Franchisor's specifications and standards, services or products required for the Franchised Location;
3. Obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;

4. Open the Franchised Location for business no later than the Required Opening Date, *provided that* Franchisor, in its discretion, may provide Franchisee a one-time opportunity to extend the Required Opening Date by paying an extension fee of Five Hundred Dollars (\$500) and signing an extension agreement in the form Franchisor provides; and

5. In connection with the execution of any lease or sublease for the Franchised Location premises, Franchisee must execute, and cause the lessor and/or sublessor of the premises to execute, the Lease Rider attached to this Agreement as Exhibit B; Franchisee shall not execute a lease, sublease or purchase agreement for the Franchised Location premises without Franchisor's prior written consent.

B. Flex Location. In the case of a Flex Location: (i) the Franchised Location must meet Franchisor's standards and specifications as described in the Operations Manual or otherwise by Franchisor in writing, (ii) the Franchised Location must not be used for any treatments or procedures, or to offer any goods and services of any nature whatsoever, other than BodyBrite Services and products approved by Franchisor, and (iii) Franchisee must, at Franchisee's expense:

1. Purchase all required signage, fixtures, furniture, and equipment and, where applicable, decorate the premises in compliance with the plans and specifications Franchisor approves, and purchase all required initial inventory;

2. Acquire, consistent with Franchisor's specifications and standards, services or products required for the Franchised Location;

3. Obtain all required utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses; and

4. Open the Franchised Location for business no later than the Required Opening Date, *provided that* Franchisor, in its discretion, may provide Franchisee a one-time opportunity to extend the Required Opening Date by paying an extension fee of Five Hundred Dollars (\$500) and signing an extension agreement in the form Franchisor provides.

C. Signage. In the case of a Brick and Mortar Location, Franchisee shall acquire and have installed such approved exterior and interior signage that meets local code regulations and that meets the specifications set forth by Franchisor in the Operations Manual. In the case of a Flex Location, Franchisee shall acquire mobile, temporary signage that meets the specifications set forth by Franchisor.

D. Compliance with Laws. Franchisee acknowledges that state law may establish certain minimum requirements that must be met with respect to the way a BodyBrite Franchised Location is structured, owned, operated and held out to the public and Franchisee agrees that Franchisee is solely responsible for ensuring its compliance with all applicable provisions of state law in that regard.

E. Fixtures, Equipment, Furniture and Signs. Franchisee will use in constructing (in the case of a Brick and Mortar Location) and operating the Franchised Location only those types of construction (in the case of a Brick and Mortar Location) and decorating materials, fixtures, equipment (including but not limited to computer hardware and software), furniture, and signs that Franchisor has approved for Franchised Locations as meeting Franchisor's specifications and standards for appearance, function and performance. Franchisor will provide Franchisee with a list of those materials, fixtures, equipment, furniture and signs in the Operations Manual. Franchisee may purchase approved types of construction (in the case of a Brick and Mortar Location) and decorating materials, fixtures, equipment, furniture and signs from any supplier Franchisor approves or designates (which may include Franchisor and/or Franchisor's

affiliates). If Franchisee proposes to purchase any material, fixture, equipment, furniture or sign Franchisor has not approved, or any items from any supplier Franchisor has not approved, Franchisee must first notify Franchisor in writing and provide to Franchisor (upon Franchisor's request) sufficient specifications, photographs, drawings and other information or samples for Franchisor to determine whether the material, fixture, equipment, furniture or sign complies with Franchisor's specifications and standards, or the supplier meets Franchisor's approved supplier criteria, which determination Franchisor will make and communicate in writing to Franchisee within a reasonable time.

F. Computer System. Franchisee will use in the Franchised Location the computer system, including but not limited to all existing or future communication or data storage systems, components thereof and associated service, which Franchisor has developed and/or selected for the System (the "Computer System"). The Computer System developed for use in Franchisee's franchised business includes one or more proprietary software programs developed by or on behalf of Franchisor or its affiliates for use in BodyBrite Franchised Locations (the "Proprietary Software"). The Proprietary Software will remain the confidential property of Franchisor or its affiliate. If the Proprietary Software requires maintenance or modification unique to Franchisee's Franchised Location, Franchisor or Franchisor's designee, reserves the right to charge Franchisee a reasonable fee, for such maintenance or modification. Franchisor reserves the right to assign Franchisor's rights, title and interest in the Proprietary Software to a third party Franchisor designates or to replace the Proprietary Software. In such event, Franchisee may be required to enter into a separate computer software license agreement specified by the third-party supplier of the Proprietary Software.

Franchisee must maintain a dedicated phone line for Franchisee's Franchised Location. Franchisee will have at the Franchised Location, and for the Computer System, internet access with a form of high-speed connection, as Franchisor requires. Franchisee will use an email address and the email system Franchisor designates for communication with Franchisor. The computer hardware components of the Computer System must comply with specifications Franchisor develops. Franchisor has the right to designate a single source from which Franchisee must purchase the Computer System, any software or hardware components thereof or associated service, and any software related to operation of the Franchised Location, and Franchisor or Franchisor's affiliates may be that single source. Franchisee will be required to use and, at Franchisor's discretion, pay for all future updates, supplements and modifications to the Computer System.

Franchisor will assign up to two (2) email addresses for the Franchised Location. An email must be listed on any business card(s) of the Franchised Location.

G. Franchised Location Opening. Franchisee will not open the Franchised Location for business without Franchisor's prior written approval. Franchisor will approve the Franchised Location opening if:

1. The Franchised Location meets Franchisor's standards and specifications;
2. Franchisee has received all required federal, state and local government certifications, permits and licenses to fully operate the Franchised Location and such certifications, permits and licenses are current;
3. Each of Franchisee's Operating Principal and, if applicable, Key Manager, have successfully completed Franchisor's initial training program and have obtained all necessary certificates and licenses to fully perform the duties at the Franchised Location;
4. Franchisee provides Franchisor with certificates of insurance; and

5. Franchisee is otherwise in compliance with the terms of this Agreement.

Franchisee agrees to complete the development and open the Franchised Location for business by the Required Opening Date described in Exhibit A.

H. Relocation of Franchised Location. Franchisee will not relocate the Franchised Location from the Authorized Location without Franchisor's prior written consent. If Franchisee relocates the Franchised Location under this Section, the "new" franchised location of the Franchised Location to which Franchisor consents (the "new" Authorized Location) must comply with all applicable provisions of this Agreement and with Franchisor's then-current specifications and standards for new Franchised Locations. If Franchisee must relocate the Franchised Location because the Franchised Location was destroyed, condemned or otherwise became untenable by fire, flood or other casualty, Franchisee must reopen the Franchised Location at the new Authorized Location in the Protected Area within (i) six (6) months, in the case of a Brick and Mortar Location, or (ii) four (4) months, in the case of a Flex Location, after Franchisee discontinues operations at the existing Authorized Location. If Franchisee relocates Franchisee's Franchised Location for any other reason, Franchisor will not unreasonably withhold Franchisor's consent to the proposed relocation, provided that Franchisee meets the following conditions: (1) Franchisor has received at least ninety (90) days' written notice prior to the closing of the Franchised Location at the prior Authorized Location of the Franchised Location; (2) Franchisee has obtained a site acceptable to Franchisor; (3) Franchisee agrees to open the new Authorized Location for the Franchised Location within five (5) days after Franchisee closes the Franchised Location at the prior Authorized Location; and (4) Franchisee otherwise complies with any other conditions that Franchisor may require. In addition, Franchisee must pay Franchisor a fee of up to One Thousand Dollars (\$1,000) for services Franchisor will provide in connection with the relocation of the Franchised Location before Franchisor will review a proposed new Authorized Location for the Franchised Location. There is no guarantee that an acceptable location will be available for relocation, and if Franchisee is unable to relocate Franchisee's Franchised Location within the Protected Area and reopen Franchisee's Franchised Location within the time periods described in this Section 6(H), this Agreement will terminate immediately. During the period when the original Authorized Location of the Franchised Location is not in operation, Franchisor may, at Franchisor's option and without consideration to Franchisee, refer all leads to another Franchised Location. Further, if Franchisee's current clients request a referral to another Franchised Location, Franchisor may refer those clients to another Franchised Location, without consideration to Franchisee.

7. TRAINING AND OPERATING ASSISTANCE

A. Development of the Franchised Location. Franchisor will provide Franchisee with specifications for a Franchised Location, reflecting Franchisor's requirements for image, fixtures, equipment, furniture, signs, décor, and, in the case of a Brick and Mortar Location, dimensions, interior design, and layout. Franchisee acknowledges that Franchisor's assistance in site location and acceptance of the premises does not represent a representation or guaranty by Franchisor that the location will be a successful location for Franchisee's Franchised Location.

B. Training. Before the opening of the Franchised Location, Franchisor will provide, and Franchisee's Operating Principal and Key Manager (if applicable) must attend and successfully complete, an initial training program on the operation of a Franchised Location, provided both at a place and time Franchisor designates, and by either electronic media, such as webinar, or in person, or both, at Franchisor's discretion. If, during any training program, Franchisor determines that any critical staff members are not qualified to perform their designated role in the operations of the Franchised Location, Franchisor will notify Franchisee and Franchisee must select and enroll a qualified substitute for such person in the training program. Franchisee is responsible for providing a training program to all of its employees other than the attendees of Franchisor's initial training program.

After the Franchised Location opens, Franchisor will provide training (at times Franchisor determines) to any new Operating Principal or Key Manager, at Franchisee's expense, by either electronic media, such as a webinar, or in person, or both, at Franchisor's discretion. Franchisor may require that Franchisee's Key Manager, including replacement managers, to complete initial and ongoing training programs that Franchisor designates, at Franchisee's cost, to Franchisor's satisfaction. The Operating Principal and the person holding a controlling interest in Franchisee (if different than the Operating Principal) must attend, at Franchisee's expense, the minimum number of national conventions, conferences and regional meetings as Franchisor may periodically require. In addition, if Franchisee fails to meet Franchisor's customer satisfactions standards, Franchisor may require Franchisee to attend additional training. Franchisor will charge Franchisee a reasonable fee and reimbursable expenses for these supplemental and refresher training programs.

In addition, Franchisor may provide electronic training courses that all management level employees must take and successfully complete.

Franchisee is solely responsible for the compensation, travel, lodging and living expenses Franchisee's employees incur in attending the initial and/or supplemental and refresher training programs.

C. Operating Assistance. Franchisor will advise Franchisee on operational issues and provide assistance in operating the Franchised Location, as Franchisor deems appropriate and without charge. Operating assistance may include franchisee conference calls between Franchisor and all BodyBrite franchisees or electronic training, as determined by the Franchisor, and will include topics such as: (i) the services and products authorized for sale at BodyBrite Franchised Locations, (ii) marketing of the BodyBrite Franchised Locations and BodyBrite Services, (iii) products, materials and supplies, (iv) sales and customer service, and (v) operational, administrative and management processes. Franchisor will provide such guidance, at Franchisor's discretion, through Franchisor's Operations Manual, franchisee bulletins and other written materials, telephone conversations and/or meetings at Franchisor's office or at the Franchised Location. Upon Franchisee's reasonable request or upon Franchisor's reasonable determination that Franchisee requires additional assistance or training, Franchisor will provide additional assistance that Franchisor agrees to provide for a reasonable hourly fee, not less than One Hundred Fifty Dollars (\$150) per hour, plus all out of pocket costs and expenses incurred by Franchisor's trainers associated with the additional training.

D. Operations Manual. Franchisor will provide on loan to Franchisee, during the term of this Agreement, a hard-copy version of, or electronic (internet) access to, an Operations Manual, and other handbooks, manuals and written materials (collectively, the "Operations Manual") for BodyBrite Franchised Locations. The Operations Manual will contain mandatory and suggested specifications, standards and operating procedures that Franchisor develops for BodyBrite Franchised Locations and information relating to Franchisee's other obligations. Franchisor may add to, and otherwise modify, the Operations Manual to reflect changes in authorized services and products, and specifications, standards and operating procedures of a Franchised Location. The master copy of the Operations Manual that Franchisor maintains at Franchisor's principal office or on Franchisor's intranet, will control if there is a dispute involving the contents of the Operations Manual.

E. Franchisee Advisory Council. Franchisor will have the right to form a franchisee advisory council (the "FAC"). Franchisor will determine how the FAC is formed and its composition. The FAC will serve in advisory capacity only and Franchisor will establish the rules under which the FAC will operate. Franchisor may dissolve the FAC in its sole discretion.

8. MARKS

A. Ownership and Goodwill of Marks. Franchisee acknowledges that Franchisee has no interest in or to the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that Franchisor requires during the term of the Agreement. Franchisee agrees that Franchisee's use of the Marks and any goodwill established exclusively benefits Franchisor, and that Franchisee receives no interest in any goodwill related to Franchisee's use of the Marks or the System. Franchisee must not, at any time during the term of this Agreement or after its termination or expiration, contest or assist any other person in contesting the validity or ownership of any of the Marks.

B. Limitations on Franchisee's Use of Marks. Franchisee must use the Marks, as directed by Franchisor, as the sole identification of the Franchised Location, but Franchisee must identify itself as the independent owner of the Franchised Location in the manner Franchisor directs. Franchisee must not use any Mark as part of any corporate or trade name or in any modified form, nor may Franchisee use any Mark in connection with the sale of any unauthorized service or product or in any other manner that Franchisor does not expressly authorize in writing. Franchisee agrees to display the Marks prominently and in the manner Franchisor directs on all signs and forms. Subject to Franchisor's rights described in this Agreement, Franchisee agrees to obtain fictitious or assumed name registrations as may be required under applicable law.

C. Restrictions on Internet and Website Use. Franchisor retains the sole right to advertise BodyBrite Services and BodyBrite products on the internet and to create, operate, maintain and modify, or discontinue the use of, a website and other social media accounts or pages using the Marks. Except as Franchisor may authorize in writing, Franchisee will not: (1) link or frame Franchisor's website; (2) conduct any business or offer to sell or advertise any products or services on the internet (or any other existing or future form of electronic communication) in connection with the Franchised Location or the Marks; (3) create or register any internet domain name, website, or social media account, username or page in connection with Franchisee's Franchised Location; or (4) use any email address which Franchisor has not authorized for use in operating the Franchised Location. Franchisee will not register, as internet domain names, any of the Marks now or hereafter owned by Franchisor or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar.

D. Notification of Claims of Infringement by Others. Franchisee must notify Franchisor in writing, within forty-eight (48) hours of notice or service, of any apparent or alleged infringement of, or challenge to, Franchisee's use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which Franchisee become aware. Franchisee must provide to Franchisor within three (3) business days, any materials, notices, or communications related to an apparent or alleged infringement of Franchisor's Marks. Franchisee must not communicate with any person other than Franchisor and Franchisor's legal counsel regarding any infringement, challenge or claim. Franchisor may take any action Franchisor deems appropriate and has the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any of the Marks. Franchisee will fully cooperate, sign all documents, provide assistance and take all action as Franchisor may reasonably request to protect and maintain Franchisor's interests in any litigation or other proceeding or to otherwise protect and maintain Franchisor's interests in the Marks.

E. Litigation. Franchisee will have no obligation to and will not, without Franchisor's prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. Franchisee will, however, notify Franchisor promptly if Franchisee learns of any actual or threatened use of Franchisor's Marks by a third

party. Franchisor has the sole authority over whether to commence litigation, when, where, and how such litigation will be conducted, including choice of counsel. Franchisor will pay the cost and expense of all litigation Franchisor incurs, including but not limited to attorneys' fees, specifically relating to the Marks, subject to Franchisor's right of indemnification as described in Section 18(C). Franchisor's legal counsel and Franchisor will have the right to control and conduct any litigation relating to the Marks. Franchisee will fully cooperate, sign all documents, provide assistance and take all action as Franchisor may reasonably request to protect and maintain Franchisor's interests in any litigation or other proceeding or to otherwise protect and maintain Franchisor's interests in the Marks.

F. Changes. Franchisee shall not make any changes or substitutions to the Marks unless Franchisor so directs in writing. Franchisor reserves the right, in Franchisor's sole discretion, to modify or discontinue use of any of the Marks, or to use one or more additional or substitute trademarks or service marks. In such event, Franchisee will, at Franchisee's expense, comply with such modification or substitution within a reasonable time after Franchisor notifies Franchisee.

9. FRANCHISED LOCATION IMAGE AND OPERATING STANDARDS

A. Brand Standards. Franchisor's overarching objective in establishing and enforcing operating standards is the development and protection of Franchisor's Marks. Franchisor expects Franchised Locations to be associated with the highest level of customer service standards, competence, and professionalism. Any behaviors, practices, or actions that detract from this objective will be considered damaging and a violation of Franchisor's Brand Standards and a material breach of this Agreement.

B. Condition and Appearance of Franchised Location/Rebuilding of Franchised Location. Franchisee agrees to maintain the condition and appearance of the Franchised Location and, in the case of a Brick and Mortar Location, to refurbish and modify its layout, decor and general theme, as Franchisor may require, to maintain the condition, appearance, efficient operation, ambience and overall image of Franchised Locations (as Franchisor may periodically modify). Franchisee will replace worn out or obsolete fixtures, equipment, furniture, or signs, periodically clean and repair the interior and exterior of the Franchised Location, and, in the case of a Brick and Mortar Location, repair adjacent parking areas and periodically redecorate the Franchised Location. If at any time in Franchisor's reasonable judgment, the general state of repair, appearance or cleanliness of the Franchised Location premises (including but not limited to areas shared with the Franchised Location, common areas and parking areas) or its fixtures, equipment, furniture or signs does not meet Franchisor's then-current standards, Franchisor will so notify Franchisee, specifying the action Franchisee must take to correct the deficiency. If Franchisee fails, within ten (10) days after receipt of notice, to commence action and continue in good faith and with due diligence, to undertake and complete any required maintenance, replacement, or refurbishing, Franchisor may (in addition to Franchisor's rights under Section 15 below) enter the Franchised Location premises and correct the deficiencies on Franchisee's behalf, and at Franchisee's expense. In the case of a Flex Location, if Franchisee performs BodyBrite Services or sells products identified by the Marks outside the Authorized Location (but within the Protected Area), Franchisee must meet Franchisor's then-current standards for acceptable types of locations at which such services may be performed and/or such products sold.

In the case of a Brick and Mortar Location, Franchisee will, at Franchisee's expense, make such reasonable capital expenditures necessary to remodel, modernize and redecorate the Franchised Location premises and to replace and modernize the supplies, fixtures, signs, and equipment used in Franchisee's franchised business so that Franchisee's business reflects the then-current physical appearance and requirements of new Franchised Locations. In the case of a Flex Location, Franchisee will, at Franchisee's expense, make such reasonable capital expenditures necessary to modernize and redecorate the Franchised Location premises and to replace and modernize the supplies, fixtures, signs, and equipment used in Franchisee's franchised business so that Franchisee's business reflects the then-current standards and

requirements of new Franchised Locations. Franchisor may require Franchisee to take such action: (i) as a condition to an assignment under Section 14(B); and (ii) as a condition of renewal. Franchisee acknowledges and agrees that the requirements of this Section 9(B) are both reasonable and necessary to ensure continued public acceptance and patronage of Franchised Locations and to avoid deterioration or obsolescence in connection with the operation of the Franchised Location.

If the Franchised Location is damaged or destroyed by fire or any other casualty, Franchisee will, within thirty (30) days, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) repairs or reconstruction, to restore the Franchised Location premises to its original condition before the casualty. If, in Franchisor's reasonable judgment, the damage or destruction is of a nature or to an extent that Franchisee can repair or reconstruct the premises of the Franchised Location consistent with the then-current decor and specifications of a new Franchised Location without incurring substantial additional costs, Franchisor may require Franchisee, by giving written notice, that Franchisee repair or reconstruct the Franchised Location premises in compliance with the then-current decor and specifications.

C. Franchised Location Alterations. Franchisee shall not alter the premises or appearance of the Franchised Location, or make any unapproved replacements of or alterations to the fixtures, equipment, furniture or signs of the Franchised Location without Franchisor's prior written approval. Franchisor may, in Franchisor's discretion and at Franchisee's sole expense, correct any alterations to the Franchised Location that Franchisor has not previously approved.

D. Restriction on Use of Premises. Franchisee agrees that it will not, without Franchisor's prior written approval, offer at the Franchised Location any products or services not then authorized by Franchisor for BodyBrite Franchised Locations, nor will the Franchised Location be used for any other business purpose other than the operation of a BodyBrite Franchised Location in compliance with this Agreement.

E. Franchisee's Hiring and Training of Employees. Franchisee will hire all employees of the Franchised Location, be exclusively responsible for the terms of their employment and compensation, be responsible for supervising, disciplining, and terminating all employees, and implement a training program for Franchised Location employees in compliance with Franchisor's requirements. To the extent any employees are engaged in the provision of professional services regulated by state law at the Franchised Location, Franchisee is solely responsible for ensuring that such employees are licensed and qualified to practice or otherwise offer such professional services under applicable provisions of state law and for ensuring that Franchisee has in place the appropriate levels of supervision of such employees in their delivery of such services, as is required under applicable provisions of state law. Franchisee will maintain at all times a staff of trained employees sufficient to operate the Franchised Location in compliance with Franchisor's standards.

F. Services, Products, Supplies and Materials. Franchisee will operate the Franchised Location and prepare and sell all products and services offered or sold therein in accordance with, and comply with all requirements of, this Agreement, Franchisor, the System and the Operations Manual, as they are now or hereafter established, including, without limitation, any specifications, standards, business practices and policies. Franchisee agrees that the Franchised Location will only offer approved BodyBrite Services that meet the standards of quality and uniformity as described in the Operations Manual and permissible under applicable law. Franchisee also agrees that the Franchised Location will only offer products that Franchisor has approved and meet the standards of quality and uniformity for the System and are purchased from suppliers that Franchisor approves or requires (which may include Franchisor and/or its affiliates). Franchisor periodically may modify the lists of required and/or approved services and products, and Franchisee will comply with such modified lists of approved services and products, including

without limitation inventory requirements. Franchisee agrees that it will not, under any circumstances, offer an unapproved service or product in connection with the Franchised Location. If Franchisee proposes to offer any products or services that Franchisor has not approved as part of the BodyBrite Services or the System, Franchisee must first notify Franchisor in writing. For any unapproved product, Franchisee must provide sufficient information, specifications and samples (if applicable) concerning the brand and/or supplier to permit Franchisor to determine whether the brand or product complies with Franchisor's specifications and standards and/or the supplier meets Franchisor's approved supplier criteria. Franchisor will notify Franchisee within a reasonable time whether or not the proposed brand and/or supplier is approved. Franchisor will have the right to charge each proposed supplier a reasonable fee in reviewing a proposed brand or supplier. A charge equal to the greater of \$500 or the reasonable cost of the evaluation and testing, which may include travel expenses incurred by Franchisor, shall be paid by Franchisee. Franchisor may impose limits on the number of suppliers and/or brands for any services and products to be used in the Franchised Location. Franchisee agrees that it will purchase products, supplies, materials, and services needed for operation of the Franchised Location solely from approved or required suppliers (which may include Franchisor and/or its affiliates) where specified by Franchisor in the Operations Manual or elsewhere. Franchisee agrees that certain products, materials, and other items and supplies may only be available from one source, and Franchisor or Franchisor's affiliates may be that source. FRANCHISOR AND FRANCHISOR'S AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING PRODUCTS, EQUIPMENT (INCLUDING BUT NOT LIMITED TO ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER ITEMS THAT ARE MANUFACTURED OR DISTRIBUTED BY THIRD PARTIES AND THAT FRANCHISOR APPROVE OR REQUIRE FOR USE IN THE SYSTEM.

G. Standards of Service. Franchisee must at all times give prompt, courteous and efficient service to Franchisee's customers. Franchisee must, in all dealings with Franchisee's customers and suppliers and the public, adhere to the highest standards of honesty, integrity and fair dealing. Franchisee must meet Franchisor's customer service standards as described in the Operations Manual. Franchisor uses a variety of methods to measure customer service standards, including but not limited to client surveys and "mystery shopper" programs, and Franchisor will share those results with Franchisee. Franchisee agrees that Franchisor has the right to specify the third party(ies) and the required level of participation in such programs and that Franchisee will bear the cost thereof. If Franchisee fails to meet the customer satisfaction standards that Franchisor requires, Franchisor may require Franchisee to attend additional training and remediate the practice(s), or Franchisor may terminate this Agreement.

H. Specifications, Standards and Procedures. Franchisee acknowledges and agrees that each and every detail of the appearance and operation of the Franchised Location is important to Franchisor and other Franchised Locations. Franchisee agrees to maintain the highest standards of quality and service in the Franchised Location and agrees (to the extent permissible by applicable law) to comply with all mandatory specifications, standards and operating procedures (whether contained in the Operations Manual or any other written or oral communication to Franchisee) relating to the appearance or operation of a Franchised Location, including but not limited to:

1. Type and quality of products or services provided;
2. Scope, quality and uniformity of products and services at the Franchised Location;
3. Methods, standards, and procedures relating to marketing and customer service, including without limitation maintaining sufficient inventories and employing sufficient employees to operate the Franchised Location at maximum efficiencies;

4. The hours and days during which the Franchised Location is open for business;
5. The safety, maintenance, cleanliness, function and appearance of the Franchised Location premises and its fixtures, equipment, furniture, décor and signs;
6. Qualifications, dress, general appearance and demeanor of Franchised Location employees;
7. The style, make and/or type of equipment and supplies used in operating the Franchised Location;
8. Use and illumination of exterior and interior signs, posters, displays, standard formats and similar items;
9. Adherence to client and prospective client communication protocols as described in the Operations Manual;
10. Adherence to any maximum, minimum or other pricing requirements established by Franchisor with respect to products and services provided at the Franchised Location; and
11. Participation in all national, regional or local advertising and promotional activities Franchisor requires. Franchisee understands that Franchisor implements promotions such as discount coupons, certificates, frequent customer cards, special offering promotions, gift cards and other activities intended to enhance customer awareness of the System and build traffic at BodyBrite Franchised Locations on a national, regional or local level. Franchisee agrees to honor and participate in these programs in accordance with such procedures and regulations specified by Franchisor in the Operations Manual or otherwise in writing.

I. Client Records and Data. Franchisee must maintain, at all times, complete, accurate and legible client data for all clients of the Franchised Location in accordance with all applicable recordkeeping and documentation requirements applicable under federal or state laws that apply to the Franchised Location (the “Client Data”). In addition, Franchisee shall comply with all requirements of applicable state and federal laws relating to the privacy of Client Data, which may include, without limitation, required notices and consents. Franchisor may define in the Operations Manual the Client Data that Franchisor will have access to; provided, however, that any such access to Client Data will likewise occur in accordance with applicable provisions of federal and state law.

J. Intentionally Omitted.

K. Compliance with Laws and Good Business Practices. Franchisee must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Location and must operate the Franchised Location in full compliance with all applicable laws, ordinances and regulations. Franchisee must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in Franchisee’s business files. Franchisee must comply with all state and local laws and regulations regarding the staffing and management of the Franchised Location, including without limitation (i) any requirements for physician ownership, oversight or involvement with the Franchised Location, and (ii) any requirements for certain services to be provided by licensed and/or credentialed individuals. Without limiting the previous sentence, Franchisee must ensure each employee or contractor has all necessary licenses, and meets all continuing education requirements, and Franchisee must maintain copies of all such licenses. Franchisee must notify Franchisor in writing within five (5) days of the commencement of any action, disciplinary

investigation, suit, proceeding or investigation, or of the issuance of any order, injunction, award of decree, by any court, agency, or other governmental instrumentality that relates to Franchisee, the Franchised Location, or any of Franchisee's employees. Franchisee will not conduct any business or advertising practice which injures or threatens to injure Franchisor's business or the goodwill associated with the Marks and other BodyBrite Franchised Locations. Franchisee must abide by: (a) the Payment Card Industry Data Security Standards ("PCIDSS") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act ("FACTA"); and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("Electronic Payment Requirements"). If Franchisee or Franchisor are required by one of the credit card companies or another third party (including any governmental body) to provide evidence of compliance with PCIDSS, FACTA or applicable Electronic Payment Requirements, Franchisor may require Franchisee to provide, or make available, to Franchisor copies of an audit, scanning results, or related documentation relating to such compliance. If Franchisee suspects or knows of a security breach, Franchisee must immediately give Franchisor notice of such security breach and promptly identify and remediate the source of any compromise or security breach. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transaction concerning customers of the Franchised Location.

L. Management of the Franchised Location/Conflicting Interests. The Franchised Location must at all times be under the Operating Principal's direct supervision. Franchisee must at all times faithfully, honestly and diligently perform Franchisee's obligations and continuously use its best efforts to promote and enhance the business of the Franchised Location. Unless a Key Manager is designated as described in this Agreement, the Operating Principal must assume his or her responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or that otherwise may conflict with Franchisee's obligations.

M. Key Manager. In the event the Operating Principal elects not to supervise the day-to-day operations of the Franchised Location, at least ninety (90) days prior to the opening of the Franchised Location or prior to the Operating Principal ceasing day-to-day supervision of the Franchised Location, Franchisee agrees to designate and to retain at all times during the term of this Agreement, a Key Manager who meets Franchisor's qualifications to supervise the operation of the Franchised Location. The Key Manager must devote full time and best efforts to the supervision of the Franchised Location and shall not engage in any other business, including the supervision or management of any additional BodyBrite Franchised Locations. Each BodyBrite Franchised Location must have a different Key Manager. Franchisee acknowledges and agrees that the appointment of a Key Manager will not relieve the Operating Principal of his or her supervisory responsibilities for the operation of the Franchised Location. Franchisee and its Operating Principal shall remain fully responsible for the Key Manager's performance. In the event that the Key Manager leaves Franchisee's employment, dies or becomes disabled, or ceases to meet Franchisor's qualifications, the Operating Principal must immediately assume operational management and supervision of the Franchised Location on a full-time basis.

N. Insurance. Franchisee agrees to purchase and maintain in force, at Franchisee's expense, the insurance coverage Franchisor requires, as described in the Operations Manual or otherwise in writing. All insurance policies will: (1) be issued by an insurance carrier(s) rated A- or higher by Best's Credit Rating; (2) will name Franchisor and Franchisor's affiliates as an additional insured; (3) contain a waiver of the insurance company's right of subrogation against Franchisor; (4) contain the above-mentioned insurance coverage for each Franchised Location that Franchisee operates; and (5) provide that Franchisor will receive thirty (30) days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as required by the insurance carrier and approved by

Franchisor). Franchisor periodically may, with prior written notice to Franchisee, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If Franchisee at any time fails to maintain in effect any insurance coverage Franchisor requires, or to furnish satisfactory evidence thereof, Franchisor, at Franchisor's option, may obtain insurance coverage for Franchisee. Franchisee agrees to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to Franchisor, on demand, any costs and premiums incurred by Franchisor. Franchisee will provide Franchisor with a copy of the certificate of insurance in compliance with these requirements before Franchisee opens the Franchised Location. In addition, Franchisee will provide Franchisor with a copy of the certificate of or other evidence of the renewal or extension of each insurance policy. Further, Franchisee will maintain professional liability insurance with such minimum coverage levels as may be required under state law.

O. Participation in Website. Franchisee will participate in a website for the network of BodyBrite Franchised Locations and in any other social media campaigns, accounts, or pages for the network of BodyBrite Franchised Locations or other online communications and will participate in any intranet system Franchisor develops. Franchisor will, in its sole discretion, determine the content and use of the BodyBrite website, BodyBrite social media, and intranet system and will establish rules under which franchisees may or will participate. Franchisor will retain all rights relating to the BodyBrite website, all social media accounts, and intranet system and may alter or terminate the website, social media accounts, or intranet system upon notice to Franchisee. Franchisee's general conduct on the internet, and specifically Franchisee's use of the Marks or any advertising on the internet (including but not limited to the domain name and any other Marks Franchisor may develop as a result of participation in the internet), will be subject to the provisions of this Agreement. Franchisee acknowledges that certain information obtained through Franchisee's online participation in the website, social media, or intranet system is considered Confidential Information (as defined in Section 1(F) above), including but not limited to access codes and identification codes. Franchisee's right to participate in the BodyBrite website, social media, or intranet system or otherwise use the Marks or the System on the internet will terminate when this Agreement expires or terminates.

10. RECORDS AND REPORTS

A. Accounting and Records. During the term of this Agreement, Franchisee will, at Franchisee's expense, maintain at the Franchised Location premises and retain for a minimum of seven (7) years from the date of their preparation or longer if required under applicable law, complete and accurate books, records and accounts (using such methods and systems of bookkeeping and accounting as Franchisor may require) relating to the Franchised Location (the "Records"), in the form and manner Franchisor direct in the Operations Manual or otherwise in writing. The Records will include the following: (1) daily cash reports; (2) cash receipts and disbursements journals; (3) weekly payroll registers; (4) monthly bank statements and daily deposit slips and canceled checks; (5) all tax returns relating to the Franchised Location and of each of the Owners; (6) suppliers' invoices (paid and unpaid); (7) semi-annual balance sheets and monthly profit and loss statements; and (8) such other records and information in the form and manner as Franchisor periodically may request. Franchisee will be permitted to preserve the Records and submit reports electronically, consistent with Franchisor's requirements. In addition, Franchisee must comply with all federal and state laws that may require that Franchisee maintains certain records respecting Client Data and other information for a longer period of time.

B. Reports and Tax Returns. Franchisee's fiscal year end must be the calendar year end. Franchisee will deliver or provide access to Franchisor the following: (1) within fifteen (15) days after the end of each calendar quarter, quarterly financial statements for the Franchised Location for the immediately preceding calendar quarter, including year-to-date figures, which statements shall include a balance sheet (including assets, liabilities and shareholder equity), a profit and loss statement, statements of cash flows,

net sales, net income, break even analysis and EBITDA; (2) within ninety (90) days after the end of each calendar year, an annual profit and loss statement and source and use of funds statement for the Franchised Location for the year and a balance sheet for the Franchised Location as of the end of the year, reviewed by an independent certified public accountant; (3) at Franchisor's request, all tax returns relating to the Franchised Location and of each of the Owners; (4) monthly Sales Reports; and (5) such other reports as Franchisor may reasonably require in the Operations Manual. If any of the reports or other information required to be given to Franchisor in accordance with this Section are not received by Franchisor by the required deadline, Franchisor may charge Franchisee a late submission fee equal to \$100.

11. INSPECTION AND AUDITS

A. Franchisor's Right to Inspect the Franchised Location. To determine whether Franchisee is complying with this Agreement, Franchisor may, at any time during business hours and without prior notice to Franchisee, inspect the Franchised Location, its records, the Proprietary Software, and any other equipment, hardware, or software relating to the Franchised Location. Franchisee will fully cooperate with Franchisor's representatives making any inspection. Franchisor shall have the right to take photographs and videos of the Franchised Location and associated signage and premises and to use such photographs and videos in any advertising or promotional material, in any form or medium now existing or later developed. Franchisor may use the foregoing without providing notice to Franchisee or receiving Franchisee's consent, and Franchisor shall not be obligated to make attribution or to compensate Franchisee for use of the foregoing. Upon the request of Franchisor, Franchisee shall cooperate with Franchisor in taking and arranging for such photographs and videos and for obtaining the necessary consents of or assignments from individuals depicted in or involved in such photographs or videos. Franchisee irrevocably assigns to Franchisor all of its right, title, and interest, if any, in and to all such photographs and videos, together with all related intellectual property rights.

B. Franchisor's Right to Examine Books and Records. Franchisor may, at all reasonable times and without prior notice to Franchisee, examine, audit, or request copies of the Records, including but not limited to the books, records and state and/or federal income tax records and returns of any Owner. Franchisee must maintain all Records and supporting documents at all times at the Franchised Location premises. Franchisee will make financial and other information available at a location Franchisor reasonably request, and will allow Franchisor (and Franchisor's agents) full and free access to any such information at the Franchised Location. Franchisee otherwise will fully cooperate with Franchisor's representative and independent accountants hired to conduct any examination or audit. If an audit reveals that Gross Sales of Franchisee have been understated, Franchisee shall immediately pay to Franchisor the amount of Royalty Fee, Marketing Contribution, and other amounts required to be paid to the Franchisor overdue, unreported or understated, together with interest as prescribed above. All inspections shall be at the expense of Franchisor; *provided, however*, if the audit results in a discovery of a discrepancy in the total amount owed by Franchisee to Franchisor during the applicable audit period of two percent (2%) or more, or if the audit is required because Franchisee failed to comply with Franchisor's reporting requirements, then Franchisee shall pay or reimburse Franchisor for any and all reasonable expenses incurred by Franchisor in connection with the inspection, including, but not limited to, attorneys' and accounting fees, travel expenses, room and board and compensation of Franchisor's employees.

12. CONFIDENTIAL INFORMATION/IMPROVEMENTS

A. Confidential Information. Franchisee acknowledges and agrees that Franchisee does not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Franchised Location pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. Franchisee acknowledges and agrees that the Confidential Information is proprietary and is a trade secret of Franchisor's and is

disclosed to Franchisee solely on the condition that Franchisee agrees that Franchisee: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures Franchisor directs to prevent unauthorized use or disclosure of the Confidential Information, including but not limited to restrictions on disclosure to Franchised Location employees; and (5) will sign a Confidentiality Agreement and will require all employees and agents with access to Confidential Information to sign such an agreement in a form Franchisor directs or approves.

The restrictions on Franchisee's disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent Franchisee is legally compelled to disclose this information, if Franchisee uses Franchisee's best efforts to maintain the confidential treatment of the Confidential Information, and provide Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

B. Improvements. Franchisee must fully and promptly disclose to Franchisor all ideas, concepts, methods, techniques, improvements and additions relating to the development and/or operation of a Franchised Location or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Franchised Location, or any advertising or promotion ideas related to the Franchised Location (collectively the "Improvements") that Franchisee and/or Franchisee's employees conceive or develop during the term of this Agreement. Franchisee agrees that Franchisor has the perpetual right to use and authorize others to use the Improvements without any obligation to Franchisee for royalties or other fees.

13. RESTRICTIVE COVENANTS

A. Non-Solicitation of Customers. Franchisee (and each Owner) covenants that, during the term of this Agreement, and for a period of two (2) years thereafter, Franchisee will not, directly or indirectly, divert or attempt to divert any business, account or customer of the Franchised Location or any other BodyBrite locations or the System to any Competing Business (as defined below).

B. Covenant not to Compete During Term. Franchisee (and each Owner) will not, during the term of this Agreement, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any business operating or franchising an establishment at which more than 10% of the offerings consist of minimally invasive or invasive spa services, med spa services, and/or beauty services for the face or body ("Competing Business"), except: (i) another BodyBrite Franchised Location; (ii) with Franchisor's prior written consent; or (iii) through the passive ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities.

C. Post-Term Covenant not to Compete. Franchisee (and each Owner) will not, for a period of two (2) years after this Agreement expires or is terminated or the date on which Franchisee ceases to conduct the business franchised under this Agreement, whichever is later, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any Competing Business that either: (i) operates at the former premises of the Franchised Location; or (ii) performs services within a ten (10) mile radius of the Franchised Location, or within a ten (10) mile radius of any other then existing BodyBrite Franchised Location or any other then existing BodyBrite location operated by Franchisor; provided, however, that this Section 13(C)

will not apply to: (i) other BodyBrite Franchised Locations that Franchisee operates under separate BodyBrite franchise agreements; or (ii) passive investments of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities.

D. Injunctive Relief. Franchisee agrees that damages alone cannot adequately compensate Franchisor if there is a violation of any covenant in Section 12 or 13 in that injunctive relief is essential for Franchisor's protection. Franchisee therefore agrees that Franchisor may seek injunctive relief without posting any bond or security, in addition to the remedies that may be available to Franchisor at equity or law, if Franchisee or anyone acting on Franchisee's behalf violates any covenant in Section 12 or 13. The covenants stated in this Section will survive the termination or expiration of this Agreement.

14. ASSIGNMENT

A. By Franchisor. This Agreement is fully assignable by Franchisor and benefits Franchisor's successors and assigns. Any such assignment will require the assignee to fulfill Franchisor's obligations under this Agreement.

B. Franchisee's Transfer or Sale of Substantially All of Franchisee's Assets. Franchisee understands that Franchisor has granted the franchise under this Agreement in reliance upon Franchisee's individual or collective character, aptitude, attitude, business ability and financial capacity. Franchisee (and Franchisee's Owners) will not transfer (whether voluntarily or involuntarily), assign or otherwise dispose of, in one or more transactions, Franchisee's franchised business, the Franchised Location, substantially all or all of the assets of Franchisee's franchised business, this Agreement, any material contract relating to the Franchised Location, or any controlling interest in Franchisee ("controlling interest" to include a proposed transfer of fifty percent (50%) or more of the common (voting) stock of a corporate entity or of the ownership interest in a limited liability company or partnership) unless Franchisee obtains Franchisor's prior written consent. Franchisor will not unreasonably withhold Franchisor's consent to an assignment, provided Franchisee comply with any or all of the following conditions which Franchisor may, in Franchisor's discretion, deem necessary:

1. All of Franchisee's accrued monetary obligations to Franchisor and Franchisor's affiliates have been satisfied, and Franchisee is otherwise in good standing under this Agreement;

2. The transferee-franchisee (and the Operating Principal and other Owners, if applicable) is approved by Franchisor and demonstrates to Franchisor's satisfaction that he/she meets Franchisor's managerial, educational, professional, financial and business standards for new franchisees, possesses a good business reputation and credit rating, maintains all necessary certifications and licenses necessary to perform his/her duties consistent with applicable law, and has the aptitude and ability to conduct the franchised business. Franchisee understands that Franchisor may communicate directly with the transferee-franchisee during the transfer process to respond to inquiries, as well as to ensure that the transferee-franchisee meets Franchisor's qualifications;

3. The transferee-franchisee enters into a written agreement, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations and covenants under this Agreement for the remainder of the term or, at Franchisor's option, signs Franchisor's then-current standard form of franchise agreement (which may contain materially different terms and conditions). In addition, the proposed Operating Principal must enter into written agreements, in a form satisfactory to Franchisor, agreeing to comply with the various obligations under this Agreement;

4. The transferee-franchisee and the proposed Operating Principal, and any proposed Key Manager, successfully complete the initial training program required of new franchisees;

5. If required, the lessor of the Franchised Location premises consents to Franchisee's assignment or sublease of the premises to the transferee-franchisee;

6. Franchisee pays Franchisor a transfer fee equal to Fifty Percent (50%) of Franchisor's then-current Initial Franchisee Fee or such greater amount to cover Franchisor's reasonable costs and expenses associated with the transfer;

7. Franchisee (and each Owner, if applicable) signs a general release, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law;

8. Franchisor approves the material provisions of the assignment or sale of assets which assignment or sale cannot permit Franchisee to retain a security interest in this Agreement or any other intangible asset;

9. The purchase price and terms of the sales will not, in Franchisor's opinion negatively impact the capability of the Franchised Location to profit after the transfer; and

10. Franchisee (and each Owner, if applicable) signs an agreement, in form satisfactory to Franchisor, in which Franchisee and each Owner guarantees performance of this Agreement and covenants to observe the post-termination covenant not to compete and all other applicable post-termination obligations.

C. Franchisee's Death or Disability. If the Operating Principal dies or is permanently disabled, the executor, administrator or other personal representative, or the remaining Owners, must appoint a competent individual acceptable to Franchisor within a reasonable time, not to exceed thirty (30) days, from the date of death or permanent disability, to assume the duties of the Operating Principal. The individual must satisfactorily complete Franchisor's designated training program within a reasonable time as Franchisor determines. If an individual is not appointed within thirty (30) days after Franchisee's death or permanent disability, Franchisor may, but is not required to, immediately appoint an individual to maintain Franchised Location operations on Franchisee's behalf until an approved assignee can assume the management and operation of the Franchised Location. Franchisor's appointment of an individual does not relieve Franchisee of Franchisee's obligations, and Franchisor will not be liable for any debts, losses, costs or expenses incurred in operating the Franchised Location or to any creditor of Franchisee's for any products, materials, supplies or services purchased by the Franchised Location while it is managed by Franchisor's appointed individual. Franchisor may charge a reasonable fee for management services and may cease to provide management services at any time.

If the Operating Principal dies or is permanently disabled, Franchisee's executor, administrator, or other personal representative must transfer his or her interest within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, to a person Franchisor approves. Such transfers, including but not limited to transfers by devise or inheritance will be subject to conditions contained in Section 14(B) above.

D. Franchisor's Right of First Refusal. If Franchisee or Franchisee's Owners at any time desire to sell or assign for consideration the Franchise, the Franchised Location, an ownership interest representing (in the aggregate) fifty percent (50%) or more of the ownership in Franchisee or all or

substantially all of Franchisee's assets (including but not limited to Franchisee's rights in any material contracts relating to the Franchised Location), Franchisee or Franchisee's Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must deliver a copy of the offer to Franchisor. Franchisor has the right, exercisable by written notice delivered to Franchisee or Franchisee's Owners within thirty (30) days following receipt of the proposed offer, to purchase the interest in the Franchised Location or ownership interest in Franchisee for the price and on terms contained in the offer. Franchisor may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of sixty (60) days to prepare for closing. If Franchisor does not exercise Franchisor's right of first refusal, Franchisee or Franchisee's Owners may complete the sale to the proposed purchaser under the terms of the offer, provided Franchisee and the Owners otherwise comply with this Section 14. If the sale to the proposed purchaser is not completed within one hundred twenty (120) days after delivery of the offer to Franchisor, or if there is a material change in the terms of the sale, Franchisor will again have the right of first refusal.

E. Guaranty. All of Franchisee's Owners and their spouses (if Franchisee is a corporation, partnership or other entity) will sign the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit C (the "Personal Guaranty"). Any person or entity that at any time after the date of this Agreement becomes an Owner of Franchisee under the provisions of this Section 14 or otherwise will, as a condition of becoming an Owner, sign the Personal Guaranty (along with their spouse). Franchisee will furnish to Franchisor at any time upon reasonable request a certified copy of the Articles of Incorporation or Articles of Organization and a list, in a form Franchisor reasonably requires, of all shareholders or members of record and all persons having a beneficial interest in any corporation or other entity that is or becomes Franchisee.

15. FRANCHISOR'S TERMINATION RIGHTS

A. Termination of Franchise Agreement - Grounds. Franchisee will be in default, and Franchisor may, at Franchisor's option and without consideration to Franchisee, terminate this Agreement, as provided herein, if: (1) the Operating Principal or Key Manager fails to satisfactorily complete the initial training program, inclusive of all training requirements, or fails to open and commence operations of the Franchised Location by the Required Opening Date, unless Franchisor has granted an extension in writing; (2) Franchisee violates any material provision or obligation of this Agreement or any other agreement with Franchisor or its affiliates; (3) Franchisee or any of Franchisee's managers, directors, officers or any Owner makes a material misrepresentation or omission in the application for the franchise; (4) Franchisee or any of Franchisee's managers, directors, officers or any Owner is convicted of, or pleads guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes will injure the Marks or the goodwill associated therewith, or if Franchisor has good reason to believe that Franchisee has committed such a felony, crime or offense; (5) Franchisee or any of Franchisee's managers, directors, officers or any Owner is accused of any violation(s) of professional conduct or ethics codes that Franchisor believes will injure the Marks or the goodwill associated therewith, regardless of whether such accusations are true; (6) Franchisee fails to conform to the material requirements of the System or the material standards of uniformity and quality for the services and products as described in the Operations Manual or as Franchisor has established in connection with the System; (7) Franchisee offers or performs services at the Franchised Location other than the BodyBrite Services described in the Operations Manual, or performs any services that are determined to fail to meet applicable professional standards; (8) Franchisee fails to timely pay Royalty Fees, Marketing Contributions, Technology Fees, Flex Flat Fees, or any other obligations or liabilities due and owing to Franchisor or Franchisor's affiliates (including without limitation payments due to Franchisor's affiliate for purchased equipment), other BodyBrite Franchised Locations or suppliers Franchisor approves as a source for required items; (9) Franchisee's current liabilities exceed Franchisee's current assets for ninety (90) days or more or Franchisee is insolvent within the meaning of any applicable state or federal law, whether or not creditors have forced insolvency; (10) Franchisee makes

an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of Franchisee's assets for the benefit of creditors; (11) Franchisee voluntarily or otherwise "abandons" (as defined below) the Franchised Location or does not relocate Franchisee's Franchised Location as described in Section 6(H); (12) Franchisee is involved in any act or conduct which is an unauthorized use of the Marks or materially impairs or otherwise is prejudicial to the goodwill associated with the name "BodyBrite" or any of the Marks or the System; (13) Franchisee or an Owner makes an unauthorized assignment or transfer of this Agreement, the Franchised Location or an ownership interest in Franchisee; (14) Franchisee develops or uses an unapproved website in connection with the Franchised Location or the BodyBrite Services or otherwise conducts any unauthorized activity on the internet in violation of Section 8(C) above; (15) Franchisee fails to meet Franchisor's client service standards and requirements; (16) Franchisee or its employees fail to maintain any required licenses, permits, or certifications required to open or operate Franchisee's Franchised Location, or Franchisee fails to comply with any federal, state, or local law or regulation, or Franchisee operates the Franchised Location in an unsafe manner, and Franchisee does not cure or commence to cure this failure within five (5) days after Franchisee receives notice; (17) Franchisee or its employees fail to meet the state and local certifications or other requirements for operation and/or employment in the Franchised Location and Franchisee fails to cure this default within ten (10) days after Franchisee receives notice or fails to prohibit any employees from working at the Franchised Location until the requirements are met; (18) the result of an inspection shows unauthorized tampering, modifications or other changes to the Proprietary Software; (19) Franchisee fails to maintain the insurance required in Section 9(N) above; (20) Franchisee fails to comply with Section 9(A); or (21) Franchisee willfully and materially falsifies any report, statement, or other written data furnished to Franchisor either during the franchise application process or after Franchisee is awarded a franchise. The term "abandon" means (i) in the case of a Brick and Mortar Location, Franchisee's failure to operate the Franchised Location, as demonstrated by a failure to schedule and deliver services during regular business hours for a period of five (5) consecutive days without Franchisor's prior written consent, and (ii) in the case of a Flex Location, Franchisee's failure to operate the Franchised Location, as demonstrated by a failure to schedule and deliver services for a period of thirty (30) consecutive days without Franchisor's prior written consent.

B. Procedure. Except as described below, Franchisee will have thirty (30) days, or such longer period as applicable law may require, after Franchisee's receipt from Franchisor of a written notice of termination within which to remedy any default hereunder, and to provide evidence thereof to Franchisor. If Franchisee fails to correct the alleged default within that time and provide Franchisor with satisfactory evidence of such correction, Franchisor may terminate this Agreement without further notice to Franchisee upon expiration of the thirty (30) day period, or such longer period as applicable law may require. Franchisee will have ten (10) days after Franchisee's receipt from Franchisor of a written notice of termination, or such longer period as applicable law may require, to remedy any default under item (8) in Section 15(A) above. If Franchisee fails to correct the alleged default within that time, Franchisor may terminate this Agreement without further notice to Franchisee upon expiration of the ten (10) day period, or such longer period as applicable law may require. Franchisor may terminate this Agreement immediately upon delivery of written notice to Franchisee, with no opportunity to cure, if the termination results from any of the following: (1) Franchisee fails to comply with one or more material requirements of this Agreement on three (3) separate occasions within any eighteen (18) month period, regardless if Franchisee cured such defaults; (2) the nature of Franchisee's breach makes it not curable; (3) Franchisee willfully and repeatedly deceives customers relative to the source, nature or quality of goods or services sold; and (4) any default under items (3), (4), (5), (9), (10), (11), (12), (13), (16), (18), or (21) in Section 15(A) above.

C. Applicable Law. If the provisions of this Section 15 are inconsistent with applicable law, the applicable law will apply.

16. FRANCHISEE'S TERMINATION RIGHTS

Franchisee may terminate this Agreement if Franchisor violates any material obligation of Franchisor to Franchisee and fails to cure such violation within sixty (60) days after Franchisor's receipt of written notice from Franchisee; provided, however, that Franchisee is itself in substantial compliance with the Agreement at the time of giving such notice of termination. Franchisee's written notice will identify the violation and demand that it be cured.

17. FRANCHISEE'S OBLIGATION UPON TERMINATION

A. Post-Term Duties. If this Agreement expires or is terminated for any reason, Franchisee shall:

1. Within fifteen (15) days after termination, pay all amounts due and owing to Franchisor or Franchisor's affiliates, including but not limited to all Royalty Fees, Marketing Contributions, Technology Fees, and Flex Flat Fees and accrued interest due under this Agreement. If Franchisee disputes any amounts Franchisor believes Franchisee owes Franchisor, Franchisee must place those amounts in escrow until Franchisee and Franchisor resolve such dispute;

2. Discontinue using, and return to Franchisor by first class prepaid United States mail or commercial overnight delivery service any hard copies of, the Operations Manuals and any other manuals, advertising materials, Client Data (to the extent permitted by law) and all other printed materials relating to the operation of the Franchise;

3. Assign to Franchisor or, at Franchisor's discretion, disconnect the telephone number for the Franchised Location (Franchisee acknowledges that Franchisor has the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and Franchisee authorizes Franchisor, and appoints Franchisor as its attorney-in-fact, to direct the telephone company and all listing agencies to transfer such numbers and listings to Franchisor);

4. Remove from the Franchised Location premises all signs, posters, fixtures, decals, wall coverings and other materials that are distinctive of a Franchised Location or bear the name "BodyBrite" or any other Marks;

5. Take all necessary action to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any of the Marks;

6. Immediately cease using Confidential Information and return to Franchisor all documents in Franchisee's possession that contain Confidential Information or that relate to the Proprietary Software;

7. Comply with all other applicable provisions of this Agreement, including but not limited to the non-compete provisions; and

8. At Franchisor's option, transfer to Franchisor Franchisee's rights under those contracts relating to the Franchised Location that Franchisor identifies.

Upon termination of this Franchise Agreement for any reason, Franchisee's right to use the name "BodyBrite" and the other Marks, and the System will immediately terminate and Franchisee (and the Owners) will not in any way hold itself out as being associated with Franchisor. If Franchisee fails to

remove all signs and other materials bearing the Marks within two (2) weeks of termination or expiration, Franchisor may do so at Franchisee's expense.

B. De-Identification. If this Agreement is terminated for any reason, and Franchisee either remains in possession of the premises of the former Franchised Location to operate a separate business not in violation of Section 13 above or enters into an agreement with a third party to allow such third party to directly operate a business at the premises of the former Franchised Location, Franchisee will, at Franchisee's expense, modify both the exterior and interior appearance of the business premises so that they will be easily distinguished from the standard appearance of BodyBrite Franchised Locations. At a minimum, such changes and modifications to the premises will include: (1) removing all signs and other materials bearing the name "BodyBrite" and any other Marks; (2) removing from the premises all fixtures which are indicative of BodyBrite Franchised Locations; (3) discontinuing use of all Confidential Information regarding the operation of the Franchised Location; and (4) taking such other action, at Franchisee's expense, as Franchisor may reasonably require. If Franchisee fails to immediately initiate modifications to the premises of the former Franchised Location or complete such modifications within any period of time Franchisor deems appropriate, Franchisee agrees that Franchisor or its designated agents may enter the premises of the former Franchised Location to make such modifications, at Franchisee's risk and expense, without responsibility for any actual or consequential damages to Franchisee's property or others, and without liability for trespass or other tort or criminal act. Franchisee agrees that Franchisor or Franchisor's designated agents may enter the premises during normal business hours not less than once each week following termination and remain within the premises for a sufficient time to gain access to all areas accessible by clients to determine that appropriate modifications to the premises have been made. Franchisee further agrees that such visits may continue until appropriate modifications are made.

C. Franchisor's Option to Purchase Franchised Location. If this Agreement expires or is terminated for any reason (other than the fault of Franchisor), Franchisor has the option, upon thirty (30) days' written notice from the date of expiration or termination, to purchase from Franchisee any or all of the tangible and intangible assets relating to the Franchised Location (excluding any unsalable inventory, items in poor condition, cash, short-term investments and accounts receivable) (collectively, the "Purchased Assets") and to an assignment of Franchisee's lease for any other tangible leased assets used in operating the Franchised Location. Franchisor may assign this option to purchase and assignment of leases separate and apart from the remainder of this Agreement.

The purchase price for the Franchised Location will be the "Book Value" (as defined below) of the Purchased Assets. "Book Value" means the net book value of the Purchased Assets, as disclosed in the last annual statement of the Franchised Location provided to Franchisor under Section 10(B) before termination or expiration, provided, however, that: (1) each depreciable asset will be valued on a "straight-line" basis without provision for salvage value; (2) Franchisor may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (3) Franchisor may exclude from Book Value any provision for goodwill or similar value attributable to intangible property. If Franchisor is not satisfied with the accuracy or fairness of any financial statements, or none has been submitted, Franchisor's regularly employed firm of certified public accountants will determine (by audit) the Book Value. Franchisor and Franchisee will equally bear the cost of the audit. The results of the audit will be final and binding on both parties.

The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur no later than sixty (60) days after Franchisor delivers notice of Franchisor's election to purchase the Franchised Location, unless Book Value is determined by audit, in which case the closing will occur within a reasonable time, not to exceed sixty (60) days, after the results of the audit are made available. At the closing, Franchisee will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to Franchisor or Franchisor's designee.

and such other documents Franchisor may reasonably request to permit it to operate the Franchised Location without interruption. Franchisor may set off against and reduce the purchase price by all amounts Franchisee owes to Franchisor or any of Franchisor's affiliates. If Franchisor exercises Franchisor's option to purchase the Franchised Location, Franchisor may, pending the closing, appoint a manager to maintain Franchised Location operations.

D. Continuing Obligations. All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire.

18. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. Relationship of the Parties. Franchisor and Franchisee are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so, including holding the other party liable under any lease. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. Franchisee must conspicuously identify itself at the premises of the Franchised Location and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the Franchised Location under a franchise agreement from Franchisor, and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as Franchisor requires.

B. Franchisee's Indemnification Obligations. Franchisee agrees to indemnify and hold Franchisor and Franchisor's subsidiaries, affiliates, stockholders, members, directors, officers, employees and agents harmless against, and to reimburse them for, any loss, liability or damages arising out of or relating to (i) Franchisee's ownership or operation of the Franchised Location and (ii) the failure or breach of any of Franchisee's representations or obligations under this Agreement, together with all reasonable costs of defending any claim brought against Franchisor or any action in which Franchisor is named as a party (including but not limited to reasonable attorneys' fees) unless the loss, liability, damage or cost is solely due to the Franchisor's breach of this Agreement, gross negligence, willful misconduct or Franchisor's intellectual property infringement (provided that Franchisee used Franchisor's intellectual property in the manner Franchisor directed).

C. Franchisor's Indemnification Obligations. Franchisor agrees to indemnify and hold Franchisee and Franchisee's officers, directors and agents harmless against, and to reimburse them for, any loss, liability or damage solely arising from or relating to Franchisor's breach of this Agreement or Franchisor's intellectual property infringement (provided that Franchisee used Franchisor's intellectual property in the manner Franchisor directed), and all reasonable costs of defending any claim brought against Franchisee or them or any action in which Franchisee's or them are named as a party (including but not limited to reasonable attorneys' fees).

D. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

19. DISPUTE RESOLUTION

A. Mediation. Except where it is necessary for either Franchisor or Franchisee to obtain equitable relief to preserve the goodwill of their respective businesses (including, but not limited to, the enforcement of obligations upon termination of this Agreement and the covenants not to compete contained in this Agreement), Franchisor and Franchisee each agree to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between them, for a minimum of four (4) hours,

before initiating any legal action or arbitration against the other. Upon written notice by either Franchisee to Franchisor, to the other, of Franchisee or Franchisor's desire to mediate, the party receiving the notice will select an independent entity that provides mediation services to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not name such an organization within ten (10) days from the date the notice of intention to mediate is received, then the other party may proceed as if this Section 19(A) did not exist, or, at its option, make the selection of the organization to provide mediation services. If Franchisee or Franchisor selects an organization that is unwilling to serve as mediator, then the other party may select the organization. Once the organization is designated and agrees to accept the appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to Franchisee and Franchisor. The mediation will be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If Franchisee and Franchisor cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for both parties, given all of the claimed conflicts in dates. The person actually mediating the dispute will be required to have at least ten (10) years of experience as either a franchisee or franchisor (or as an officer of such an entity) or in franchise law. Franchisor and Franchisee will equally share the cost of the mediator. The mediator will select the location for the mediation, but unless Franchisor and Franchisee agree otherwise, the mediation will be held in a metropolitan area within twenty (20) miles of Franchisor's principal office.

Except for the matters identified below where Franchisor or Franchisee are permitted to seek injunctive relief without first mediating the dispute, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this Section (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section), then upon petition of whichever of the parties has a lawsuit or arbitration proceeding brought against it, the court or arbitrator will dismiss the litigation or arbitration without prejudice, and award reasonable attorneys' fees and costs to the party seeking dismissal in an amount equal to the reasonable attorneys' fees and costs the party seeking dismissal incurred. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of the action, or of any award given in the action, the party initiating the litigation or arbitration will be responsible for all reasonable attorneys' fees and costs incurred throughout the litigation or arbitration by the other party as damages for failing to comply with the provisions of this Section.

B. Arbitration. EXCEPT IN SO FAR AS FRANCHISOR OR FRANCHISEE SEEKS TO ENFORCE THIS AGREEMENT BY JUDICIAL PROCESS AND INJUNCTION AS PROVIDED HEREIN, AND EXCEPT FOR CONTROVERSIES, CLAIMS OR DISPUTES BASED ON FRANCHISEE'S USE OF THE MARKS, ALL CONTROVERSIES, CLAIMS OR DISPUTES BETWEEN FRANCHISOR AND FRANCHISEE ARISING OUT OF OR RELATING TO (A) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE, (B) THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR OR (C) THE SCOPE AND VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE (INCLUDING THE SCOPE AND VALIDITY OF THE ARBITRATION OBLIGATIONS UNDER THIS SECTION, WHICH FRANCHISOR AND FRANCHISEE ACKNOWLEDGE IS TO BE DETERMINED BY AN ARBITRATOR AND NOT A COURT) SHALL BE DETERMINED BY ARBITRATION WITH THE AMERICAN ARBITRATION ASSOCIATION ("AAA") AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA.

The arbitration proceedings will be conducted by one arbitrator and, except as this Section 19(B) otherwise provides, according to the AAA's then current rules. All matters relating to arbitration will be

governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator appointed must have at least ten (10) years' experience in franchising or franchise law, and the arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers, and limitations of this Agreement. The arbitrator will have no authority to add, delete, or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions, and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties before the start of the arbitration hearing, and the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided herein, award any punitive, exemplary or multiple damages against either party. The arbitrator will have the right to award or include in any award the specific performance of this Agreement, but will be required to file a reasoned brief with his or her award.

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor.

Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, officers, directors, managers, agents, and/or employees, and Franchisee (and/or Franchisee's Owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Franchisor and Franchisee acknowledge that judgment upon an arbitration order may be entered in any court of competent jurisdiction and will be binding, final, and nonappealable, except for mistakes of law, as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section. Unless this Agreement is terminated in accordance with the provisions herein, during the pendency of any arbitration proceeding, Franchisor and Franchisee will fully perform the requirements of this Agreement.

If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with the provisions of Section 19(C), the arbitrability of the claim will be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration will be made by the arbitrator appointed in accordance with this Agreement.

Franchisor and Franchisee agree that any claim arising out of this Agreement, whether for rescission or damages or any other type of remedy at law or in equity shall be brought in within the later of one (1) year from the date of the act or failure to act by any person or six (6) months from the date claimant knew or should have known of the act or failure to act by the party sought to be charged.

The provisions of this Section 19(B) are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

C. Injunctive Relief. Franchisee recognizes that a single franchisee's failure to comply with the terms of its agreement could cause irreparable damage to Franchisor and/or to some or all other BodyBrite locations. Therefore, if Franchisee breaches or threatens to breach any of the terms of this Agreement, Franchisor will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrator(s). Except for claims involving federal trademark laws, any claims brought by Franchisor under this subsection will be brought in the state or federal court of competent jurisdiction in the applicable judicial district in which Franchisor's principal executive office is located. Franchisor and Franchisee irrevocably consent to the jurisdiction of such courts. Franchisee agrees and consents that such courts have personal jurisdiction over Franchisee and Franchisee's Franchised Location. Any claims for injunctive relief involving federal trademark law will be brought in any Federal District Court that Franchisor elects.

D. Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §1 et seq.) except to the extent provided by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.) or other applicable federal law, and the terms of this Agreement shall be interpreted and construed in accordance with the laws of the State of Minnesota without regard to its conflicts of laws provisions.

E. Costs and Attorneys' Fees. If Franchisor secures any injunction against Franchisee, or any other relief by arbitration or otherwise against Franchisee, or is successful in defending a claim brought against it by Franchisee in an arbitration or otherwise, Franchisee shall pay Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief and defending such claim, including reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

F. Waiver of Right to Jury Trial. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, THE PARTIES HERETO HEREBY WAIVE, AND COVENANT THAT THEY SHALL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT, OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT.

20. ENFORCEMENT

A. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction or body, any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Waiver of Obligations. Franchisor's waiver of any breach by Franchisee, or Franchisor's delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce Franchisor's rights respecting that or any other breach.

C. Rights of Parties are Cumulative. The rights are cumulative and no exercise or enforcement by either party of any right or remedy precludes the exercise or enforcement by such party of any other right or remedy to which such party is entitled by law or equity to enforce.

D. Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both Franchisor and Franchisee. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

E. Survival. All of Franchisor's and Franchisee's obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following the expiration or termination of this Agreement until the obligations are satisfied or by their nature expire.

F. References. If Franchisee consists of two (2) or more individuals, such individuals will be jointly and severally liable, and references to Franchisee in this Agreement will include all such individuals.

G. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

1. Franchisor's Rights. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees or is required to exercise Franchisor's rights reasonably or in good faith, Franchisor will satisfy Franchisor's obligations whenever Franchisor exercises "reasonable business judgment" in making Franchisor's decision or exercising Franchisor's rights. A decision or action by Franchisor will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of Franchisor. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither Franchisee nor any third party (including but not limited to a trier of fact), will substitute its judgment for Franchisor's reasonable business judgment.

H. Waiver of Punitive Damages. Franchisee, Franchisor and Franchisor's respective affiliates agree to waive, to the fullest extent permitted by law, and except for treble damages, where available, for willful infringement of intellectual property rights, the right to or a claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained by it, plus attorneys' fees, if applicable under this agreement.

I. Notice of Potential Profit. Franchisor advises Franchisee that Franchisor and/or Franchisor's affiliates periodically may make available to Franchisee goods, products and/or services for use in the Franchised Location on the sale of which Franchisor and/or Franchisor's affiliates may make a

profit. Franchisor further advises Franchisee that Franchisor and Franchisor's affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to Franchisee or in consideration for services provided or rights license to such persons. Franchisee agrees that Franchisor and Franchisor's affiliates will be entitled to such profits and consideration.

J. Entire Agreement. The "Introduction" section, the exhibit(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by Franchisee are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement. Nothing in the Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Franchisee.

21. NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Agreement are deemed so delivered at the time delivered by hand, one (1) business day after sent by a recognized overnight delivery service which requires a written receipt, or three (3) business days after placed in the U.S. Mail by registered or certified mail, return receipt requested, postage prepaid and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other party.

22. ACKNOWLEDGEMENTS

A. Success of Franchised Business. The success of the business venture Franchisee intends to undertake under this Agreement is speculative and depends, to a large extent, upon Franchisee's (or each of the Owner's) ability as an independent businessperson, and Franchisee's active participation in the daily affairs of the Franchised Location as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture or as to the success of a particular location.

B. Independent Investigation. Franchisee acknowledges that Franchisee has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to gross revenues, volume, potential earnings or profits which Franchisee might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein, to induce Franchisee to accept this Franchise and sign this Agreement.

C. Variances. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such franchise owner's business. Franchisee shall not complain on account of any variation from standard specifications and practices granted to any other franchise owner and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation thereof.

D. Patriot Act Representations. Franchisee represents and warrants that to its actual and constructive knowledge: (1) neither it (including its directors, officers, and managers), nor any of its affiliates, or any funding source for the Franchised Location, are identified on the list at the United States Treasury's Office of Foreign Assets Control; (2) neither it nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United

States government; (3) neither it nor any of its affiliates is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (4) neither it nor any of its affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the "Lists"); (5) neither it nor any of its affiliates, during the term of this Agreement, will be on any of the Lists; and (6) during the term of this Agreement, neither it nor any of its affiliates will sell products, goods, or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

E. Receipt of Documents. Except for fill-in-the-blank provisions and changes made as a result of negotiations that Franchisee initiated, Franchisee acknowledges that Franchisee received a copy of the complete Franchise Agreement, and exhibits attached hereto, at least seven (7) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that Franchisee received the disclosure document required by the trade regulation rule of the Federal Trade Commission entitled "Franchise Disclosure Document" at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Franchisee represents that Franchisee has read this Agreement in its entirety and that Franchisee has been given the opportunity to clarify any provision that Franchisee did not understand and to consult with any attorney or other professional advisor. Franchisee further represents that Franchisee understands the provisions of this Agreement and agrees to be bound.

F. Other Franchises. Franchisee acknowledges that other franchisees of Franchisor's have or will be granted franchises at different times and in different situations, and further acknowledges that the provisions of such franchises may vary substantially from those contained in this Agreement.

The parties have signed this Agreement on the date stated in the first paragraph.

FRANCHISOR:

SIMPLY HAIRFREE FRANCHISING II, LLC
D/B/A BODYBRITE

FRANCHISEE:

(If Franchisee is a corporation or limited liability company)

Name of corporation or limited liability company

By: _____
Title: _____

By: _____
Title: _____

(If Franchisee is an individual owner,
Franchisee must sign below; if a partnership, all
partners must sign below)

**EXHIBIT A
TO FRANCHISE AGREEMENT**

FRANCHISED LOCATION AND PROTECTED AREA

This Exhibit is attached to and is an integral part of the Franchisor Franchise Agreement dated _____, 20____ (the “Franchise Agreement”), between Franchisor and Franchisee.

1. Franchised Location. Franchisor and Franchisee agree that the Franchised Location will be located at the following premises: _____.

Franchisee acknowledges that Franchisor’s acceptance of a proposed location does not represent a warranty or representation of any kind as to the suitability of the proposed location for a Franchised Location.

2. Protected Area. Franchisor and Franchisee agree that the Protected Area is the following geographic area:

(or see attached map).

3. Initial Franchise Fee. Franchisee shall pay Franchisor an initial franchise fee of:

- ☐ Thirty-Nine Thousand Dollars (\$39,000) for a Brick and Mortar Location; or
- ☐ Twenty-Five Thousand Dollars (\$25,000) for a Flex Location;
- ☐ Subject to the following discount: \$_____

4. Franchised Location Opening. Franchisee agrees to complete the development and open the Franchised Location for business no later than the date (the “Required Opening Date”) that is:

- In the case of a Brick and Mortar Location, 12 months after the date first stated above, or
- In the case of a Flex Location, 4 months after the date first stated above.

5. Defined Terms. All capitalized terms contained in this Exhibit and not defined in this Exhibit will have the same meaning as provided in the Franchise Agreement.

FRANCHISOR:

SIMPLY HAIRFREE FRANCHISING II,
LLC D/B/A BODYBRITE

By: _____
Title: _____

FRANCHISEE:

(If Franchisee is a corporation or limited
liability company)

Name of corporation or limited liability company

By: _____
Title: _____

(If Franchisee is an individual owner,
Franchisee must sign below; if a partnership, all
partners must sign below)

EXHIBIT B
TO FRANCHISE AGREEMENT
LEASE RIDER

LEASE RIDER

TO LEASE AGREEMENT DATED _____
BY AND BETWEEN _____

_____, AS "LANDLORD"
AND _____

_____, AS "TENANT" FOR THE DEMISED PREMISES
("PREMISES") DESCRIBED THEREIN

This Lease Rider (this "Rider") and the provisions hereof are hereby incorporated into the body of the lease to which this Rider is attached (the "Lease"), and the provisions hereof shall be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Rider and the provisions of the Lease, this Rider shall govern and control.

1. Consent to Collateral Assignment to Franchisor; Disclaimer. Landlord acknowledges that Tenant intends to operate a BodyBrite franchised location in the Premises and that Tenant's rights to operate a BodyBrite franchised location and to use the BodyBrite® name, trademarks and service marks are solely pursuant to a franchise agreement ("Franchise Agreement") between Tenant and Simply HairFree Franchising II, LLC d/b/a BodyBrite ("Franchisor"). Tenant's operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (a) the collateral assignment of Tenant's interest in this Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and/or (b) Franchisor's succeeding to Tenant's interest in the Lease as a result of Franchisor's exercise of rights or remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, the Franchise Agreement or any other agreement between Franchisor and Tenant, and/or (c) Tenant's, Franchisor's and/or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement. Landlord, Tenant and Franchisor agree and acknowledge that simultaneously with such assignment pursuant to the immediately preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor unless otherwise agreed by Landlord. Landlord further agrees that all unexercised renewal or extension rights shall not be terminated in the event of any assignment referenced herein, but shall inure to the benefit of the applicable assignee.

2. Use of Premises. The Premises may be used only for the purpose of operating a franchised location under the BodyBrite name, with all uses required as part of the BodyBrite system of operation.

3. Tenant's Signage. Subject to specific provisions the Lease to the contrary or in conflict, Landlord hereby grants and approves the following signage rights:

3.1. Landlord agrees to allow Tenant to use Franchisor's standard sign package to the maximum extent permitted by local governmental authorities.

3.2. Tenant shall be provided with a panel on any pylon/monument/directory sign for the development in which the Premises is located, and shall be permitted to install a standard sign thereon as approved by Franchisor, including without limitation Franchisor's logo.

4. Notice and Cure Rights to Franchisor. Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default by Tenant, and commencing upon receipt thereof by Franchisor, Franchisor shall have ten (10) additional days to the established cure period as is given to Tenant under the Lease for such default, provided that in no event shall Franchisor have a cure period of less than (i) ten (10) days after Franchisor's receipt of such notice as to monetary defaults or (ii) thirty (30) days after Franchisor's receipt of such notice as to non-monetary defaults. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows:

Simply HairFree Franchising II, LLC d/b/a BodyBrite
Attention: Chris Hardy
5108 West 74th St., #390425
Minneapolis, MN 55439

5. Non-disturbance from Mortgage Lenders. Notwithstanding anything contained in the Lease to the contrary or in conflict, it shall be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under this Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations hereunder beyond an applicable grace or cure period provided herein (as may be extended from time to time pursuant to paragraph 4 immediately above).

6. Third-Party Beneficiary. For so long as Franchisor holds a collateral assignment of the Lease, Franchisor is a third-party beneficiary of the Lease, including, without limitation, this Rider, and as a result thereof, shall have all rights (but not the obligation) to enforce the same.

7. Franchisor Right to Enter. Upon the expiration or earlier termination of this Lease or the Franchise Agreement, Franchisor or its designee may enter upon the Premises for the purpose of removing all signs and other material bearing the BodyBrite name or trademarks, service marks, or other commercial symbols of Franchisor.

8. Amendments. Tenant agrees that the Lease may not be terminated, modified or amended without Franchisor's prior written consent, nor shall Landlord accept surrender of the Premises without Franchisor's prior written consent. Tenant agrees to promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the signed modifications and amendments.

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

LANDLORD: _____

TENANT: _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT C
TO FRANCHISE AGREEMENT
PERSONAL GUARANTY

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of that certain BodyBrite Franchise Agreement executed concurrently herewith (the “Franchise Agreement”) by and between Simply HairFree Franchising II, LLC d/b/a BodyBrite (the “Franchisor”) and _____ (the “Franchisee”), each of the undersigned (each a “Guarantor” and collectively, the “Guarantors”) personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that the Franchisee will timely pay and perform each and every undertaking, agreement and covenant stated in the Franchise Agreement (“Agreement”); and the Guarantors agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

Further, each of the undersigned, individually and jointly, hereby agrees to be personally bound by each and every condition and term contained in the Agreement, including without limitation the non-compete, non-solicitation and related provisions set forth in Sections 13(A) through 13(D) of the Franchise Agreement, and each agrees that this Guaranty will be construed as though each of the Guarantors executed an agreement containing the identical terms and conditions of the Franchise Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor’s liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, Franchisee and the other Guarantors of Franchisee;

(2) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon demand if Franchisee fails to do so;

(3) Guarantor’s liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of Franchisee or any assignee or successor of Franchisee;

(4) Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time or credit which Franchisor may grant to Franchisee, including but not limited to the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee or any other Guarantor; and

(6) Guarantor will pay all reasonable attorneys’ fees and all costs and other expenses Franchisor incurs in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

Each of the undersigned has signed this Guaranty as of the same day and year as the Agreement was executed.

GUARANTOR(S)

**PERCENTAGE OWNERSHIP IN
FRANCHISEE**

Print Name: _____

Print Name: _____

Print Name: _____

Print Name: _____

Print Name: _____

EXHIBIT D
TO FRANCHISE AGREEMENT
STATE ADDENDA

**ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

THIS ADDENDUM (the “Addendum”) is made and entered into by and between **SIMPLY HAIRFREE FRANCHISING II, LLC D/B/A BODYBRITE**, a Minnesota limited liability company (“Franchisor”) with its principal business address at 5108 W 78th Street, #390425, Minneapolis, MN 55439, and _____, a _____ (“Franchisee”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Franchised Location that Franchisee will operate under the Franchise Agreement will be located in Illinois, and/or (b) Franchisee is domiciled in Illinois.

2. **GOVERNING LAW.** The following statement is added at the end of Section 19(D) of the Franchise Agreement:

Illinois law shall apply to and govern the Franchise Agreement.

3. **FORUM FOR LITIGATION.** The following language is added to the end of Section 19 of the Franchise Agreement:

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

4. **RENEWAL TERM AND TERMINATION TERM.** The following is added to the end of Sections 3(B) and 15 of the Franchise Agreement:

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

5. **WAIVERS.** Sections 19 and 20(H) of the Franchise Agreement are revised to including the following language:

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

6. **FEE DEFERRAL.** The Franchise Agreement is amended to state:

The State of Illinois has required a financial assurance. Therefore, Franchisor has agreed to defer all initial fees owed by Franchisee to Franchisor until Franchisor has fulfilled all pre-opening obligations to Franchisee and Franchisee has commenced doing business pursuant to the Franchise Agreement. The Illinois

Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

**SIMPLY HAIRFREE FRANCHISING II,
LLC D/B/A BODYBRITE**

By: _____
Name: _____
Title: _____

Date: _____

FRANCHISEE

(IF ENTITY):

[Name]

By: _____
Name: _____
Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

**ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

THIS ADDENDUM (the “Addendum”) is made and entered into by and between **SIMPLY HAIRFREE FRANCHISING II, LLC D/B/A BODYBRITE**, a Minnesota limited liability company (“Franchisor”) with its principal business address at 5108 W 78th Street, #390425, Minneapolis, MN 55439, and _____, a _____ (“Franchisee”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) the Franchised Location that Franchisee will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the end of Sections 3(B) and 14(B) of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **RENEWAL TERM AND TERMINATION TERM.** The following is added to the end of Sections 3(B) and 15(B) of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

4. **NOTIFICATION OF INFRINGEMENT AND CLAIMS.** The following sentence is added to the end of Section 8(D) of the Franchise Agreement:

Provided Franchisee has complied with all provisions of this Agreement applicable to the Marks, Franchisor will protect Franchisee’s right to use the Marks and will indemnify Franchisee from any loss, costs or expenses arising out of any claims, suits or demands regarding Franchisee’s use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

5. **FORUM FOR LITIGATION.** The following language is added to the end of Section 19 of the Franchise Agreement:

NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE’S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR FRANCHISEE’S RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

6. **GOVERNING LAW.** The following statement is added at the end of Section 19(D) of the Franchise Agreement:

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR FRANCHISEE'S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

7. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES.** If and then only to the extent required by the Minnesota Franchises Law, Sections 19(F) and 20(H) of the Franchise Agreement are deleted.

8. **TIMING OF CLAIMS.** Any claims brought under the Minnesota Franchises Act, § 80.C.01 *et seq.* must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act will control.

9. **FEE DEFERRAL.** The Franchise Agreement is amended to state:

The State of Minnesota has required a financial assurance. Therefore, Franchisor has agreed to defer all initial fees owed by Franchisee to Franchisor until Franchisor has fulfilled all pre-opening obligations to Franchisee and Franchisee has commenced doing business pursuant to the Franchise Agreement. The State of Minnesota imposed this deferral requirement due to Franchisor's financial condition.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

**SIMPLY HAIRFREE FRANCHISING II,
LLC D/B/A BODYBRITE**

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

**ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN NEW YORK**

THIS ADDENDUM (the “**Addendum**”) is made and entered into by and between **SIMPLY HAIRFREE FRANCHISING II, LLC D/B/A BODYBRITE**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 5108 W 78th Street, #390425, Minneapolis, MN 55439, and _____ a _____ (“**Franchisee**”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of New York; and/or (b) the Franchised Location that Franchisee will operate under the Franchise Agreement will be located or operated in New York.

2. **OPERATIONS MANUAL.** Section 7(D) of the Franchise Agreement is revised to include the following:

“Revisions to the manual will not unduly affect your obligations, including economic requirements, under this Agreement.”

3. **FRANCHISEE’S TERMINATION RIGHTS.** Section 16 of the Franchise Agreement is modified by the addition of the following at the end of such section:

“In addition, the Franchisee shall have the right to terminate the Franchise Agreement to the extent allowed under applicable law.”

4. **WAIVERS.** Sections 19 and 20(H) of the Franchise Agreement are revised to include the following language:

“Provided, however, that all rights arising under Franchisee’s favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.”

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

**SIMPLY HAIRFREE FRANCHISING II,
LLC D/B/A BODYBRITE**

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

**ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

THIS ADDENDUM (the “Addendum”) is made and entered into by and between **SIMPLY HAIRFREE FRANCHISING II, LLC D/B/A BODYBRITE**, a Minnesota limited liability company (“Franchisor”) with its principal business address at 5108 W 78th Street, #390425, Minneapolis, MN 55439, and _____ a _____ (“Franchisee”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of North Dakota and the Franchised Location that Franchisee will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES.** The following is added to the end of Sections 3(B) and 14(B) of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **COVENANT NOT TO COMPETE.** The following is added to the end of Sections 13(B) and 13(C) of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **GOVERNING LAW.** Section 19(D) of the Franchise Agreement is deleted and replaced with the following:

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 UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF MINNESOTA WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

5. **FORUM FOR LITIGATION.** The following is added to the end of Section 19 of the Franchise Agreement:

NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO FRANCHISEE'S MEDIATION AND ARBITRATION OBLIGATIONS, FRANCHISEE MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Sections 19(F) and 20(H) of the Franchise Agreement are deleted.

7. **LIMITATIONS OF CLAIMS.** To the extent required by the North Dakota Franchise Investment Law, the following language from Section 19(B) is deleted: "Franchisor and Franchisee agree that any claim arising out of this Agreement, whether for rescission or damages or any other type of remedy at law or in equity shall be brought in within the later of one (1) year from the date of the act or failure to act by any person or six (6) months from the date claimant knew or should have known of the act or failure to act by the party sought to be charged."

8. **SITUS OF ARBITRATION AND MEDIATION PROCEEDINGS.** The following is added to the end of Section 19 of the Franchise Agreement:

NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, ANY MEDIATION OR ARBITRATION ARISING OUT OF OR RELATED TO THIS AGREEMENT SHALL BE CONDUCTED AT A SITE AGREEABLE TO ALL PARTIES THAT IS NOT REMOTE FROM FRANCHISEE'S PLACE OF BUSINESS.

9. **FEE DEFERRAL.** The following language is added to Section 4.A of the Franchise Agreement:

The State of North Dakota has required a financial assurance. Therefore, Franchisor has agreed to defer all initial fees owed by Franchisee to Franchisor until Franchisor has fulfilled all pre-opening obligations to Franchisee and Franchisee has commenced doing business pursuant to the Franchise Agreement. The State of North Dakota imposed this deferral requirement due to Franchisor's financial condition.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

**SIMPLY HAIRFREE FRANCHISING II,
LLC D/B/A BODYBRITE**

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

**ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN SOUTH DAKOTA**

THIS ADDENDUM (the “**Addendum**”) is made and entered into by and between **SIMPLY HAIRFREE FRANCHISING II, LLC D/B/A BODYBRITE**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 5108 W 78th Street, #390425, Minneapolis, MN 55439, and _____ a _____ (“**Franchisee**”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of South Dakota and the Franchised Location that Franchisee will operate under the Franchise Agreement will be located or operated in South Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in South Dakota.

2. **FEE DEFERRAL.** The following is added to the end of Section 4.A of the Franchise Agreement:

The South Dakota Department of Labor & Regulation, Securities Regulation has required Franchisor to defer Franchisee’s payment of the initial franchise fees until Franchisee has commenced operating its BodyBrite location.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

**SIMPLY HAIRFREE FRANCHISING II,
LLC D/B/A BODYBRITE**

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

**ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN VIRGINIA**

THIS ADDENDUM (the “**Addendum**”) is made and entered into by and between **SIMPLY HAIRFREE FRANCHISING II, LLC D/B/A BODYBRITE**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 5108 W 78th Street, #390425, Minneapolis, MN 55439, and _____ a _____ (“**Franchisee**”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of Virginia and the Franchised Location that Franchisee will operate under the Franchise Agreement will be located or operated in Virginia; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Virginia.

2. **FEE DEFERRAL.** The following language is added to Section 4.A of the Franchise Agreement:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

**SIMPLY HAIRFREE FRANCHISING II,
LLC D/B/A BODYBRITE**

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

**ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN WISCONSIN**

THIS ADDENDUM (the “**Addendum**”) is made and entered into by and between **SIMPLY HAIRFREE FRANCHISING II, LLC D/B/A BODYBRITE**, a Minnesota limited liability company (“**Franchisor**”) with its principal business address at 5108 W 78th Street, #390425, Minneapolis, MN 55439, and _____, a _____ (“**Franchisee**”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Wisconsin and the Franchised Location that Franchisee will operate under the Franchise Agreement will be located in Wisconsin; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Wisconsin.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 3(B) and 15:

Section 135.04 of the Wisconsin Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law’s requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

**SIMPLY HAIRFREE FRANCHISING II,
LLC D/B/A BODYBRITE**

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

(IF ENTITY):

[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

Date: _____

EXHIBIT B
FINANCIAL STATEMENTS



Certified Public Accountants and Business Consultants

Member of American Institute of Certified Public Accountants and California Society of Public Accountants
Participant in Quality Review Program of AICPA

CONSENT

GTL, LLP consents to the use in the Franchise Disclosure Document issued by Simply HairFree Franchising II, LLC. ("Franchisor") on April 8, 2022, as it may be amended, of our report dated April 5, 2022, relating to the financial statements of Franchisor for the year ended December 31, 2021.

A handwritten signature in blue ink that reads 'Fabio Vasco'.

Fabio Vasco, CPA
GTL, LLP

Simply HairFree Franchising II, LLC dba BODY BRITE

FINANCIAL STATEMENTS

December 31, 2021, 2020 and 2019

Simply HairFree Franchising II, LLC dba BODY BRITE

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INDEPENDENT AUDITOR'S REPORT

To the Member of

Simply HairFree Franchising II, LLC dba BODY BRITE

Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Simply HairFree Franchising II, LLC ("the Company"), a Minnesota limited liability company, which comprise the balance sheets as of December 31, 2021, 2020 and 2019, and the related statements of income (operations) and member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to these financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

As discussed in Note 5 to these financial statements the Company's operations are subject to certain risks and uncertainties including changes in the Company's position in the marketplace due to competition. The Company's future operations are ultimately dependent on the market acceptance of the Company's current and future franchise offerings and related cash flow generated in order to meet its obligations. Our opinion is not modified with respect to that matter.

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 is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from 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 generally accepted auditing standards, 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 the Company's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Simply HairFree Franchising II, 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.

GTL LLP

Certified Public Accountants
Sherman Oaks, California
April 5, 2022

Simply HairFree Franchising II, LLC dba BODY BRITE
Balance Sheets
December 31, 2021, 2020 and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Current Assets:			
Cash	\$ 155,323	\$ 8,789	\$ 4
Accounts Receivable	<u>15,805</u>	<u>15,802</u>	<u>18,759</u>
Total Current Assets	<u>171,128</u>	<u>24,591</u>	<u>18,763</u>
 Total Assets	 <u><u>\$ 171,128</u></u>	 <u><u>\$ 24,591</u></u>	 <u><u>\$ 18,763</u></u>
LIABILITIES AND MEMBER'S EQUITY			
Current Liabilities:			
Current Portion of Deferred Franchise Fees	\$ -	\$ 35,000	\$ 70,000
Line of Credit	-	25,000	25,000
Current Portion of Notes Payable	<u>58,552</u>	<u>55,054</u>	<u>54,468</u>
Total Current Liabilities	58,552	115,054	149,468
 Due to Related Party	152,175	-	-
Notes Payable, net of Current Portion	<u>214,620</u>	<u>273,172</u>	<u>297,241</u>
Total Liabilities	<u>425,347</u>	<u>388,226</u>	<u>446,709</u>
 Member's Deficit	 <u>(254,219)</u>	 <u>(363,635)</u>	 <u>(427,946)</u>
Total Liabilities and Member's Deficit	<u><u>\$ 171,128</u></u>	<u><u>\$ 24,591</u></u>	<u><u>\$ 18,763</u></u>

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

Simply HairFree Franchising II, LLC dba BODY BRITE
Statements of Income (Operations)
Years Ended December 31, 2021, 2020 and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:			
Royalty Income	\$ 176,105	\$ 129,754	\$ 168,141
Marketing Fund Income	38,864	29,049	43,678
Software Fees	12,495	12,130	12,460
Franchise Fees	70,000	75,000	49,500
Other Revenue	<u>-</u>	<u>15,000</u>	<u>-</u>
Total Revenues	<u>297,464</u>	<u>260,933</u>	<u>273,779</u>
Operating Expenses:			
General and Administrative	115,409	101,782	143,259
Marketing Expenses	<u>53,400</u>	<u>89,514</u>	<u>123,386</u>
Total Operating Expenses	<u>168,809</u>	<u>191,296</u>	<u>266,645</u>
Income from Operations	128,655	69,637	7,134
Other Income (Expense)			
Interest Expense	<u>(19,239)</u>	<u>(5,326)</u>	<u>(10,951)</u>
Net Income (Loss)	<u><u>\$ 109,416</u></u>	<u><u>\$ 64,311</u></u>	<u><u>\$ (3,817)</u></u>

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

Simply HairFree Franchising II, LLC dba BODY BRITE
Statements of Changes in Member's Deficit
Years Ended December 31, 2021, 2020 and 2019

Balance, January 1, 2019	\$ (424,129)
Net Loss	<u>(3,817)</u>
Balance, December 31, 2019	(427,946)
Net Income	<u>64,311</u>
Balance, December 31, 2020	(363,635)
Net Income	<u>109,416</u>
Balance, December 31, 2021	<u><u>\$ (254,219)</u></u>

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

Simply HairFree Franchising II, LLC dba BODY BRITE
Statements of Cash Flows
Years Ended December 31, 2021, 2020 and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$ 109,416	\$ 64,311	\$ (3,817)
Adjustments to Reconcile Net Income (Loss) to			
Net Cash Provided By (Used-In) Operating Activities:			
Changes in Operating Assets and Liabilities:			
Accounts Receivable	(3)	2,957	(3,614)
Deferred Franchise Fees	<u>(35,000)</u>	<u>(35,000)</u>	<u>(49,500)</u>
Net Cash Provided By (Used-In) Operating Activities	<u>74,413</u>	<u>32,268</u>	<u>(56,931)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Due to Related Party	152,175	-	-
Net Change on Line of Credit	(25,000)	-	25,000
Payments on Notes Payable	<u>(55,054)</u>	<u>(23,483)</u>	<u>(29,593)</u>
Net Cash Provided By (Used-In) Financing Activities	<u>72,121</u>	<u>(23,483)</u>	<u>(4,593)</u>
Net Increase (Decrease) in Cash	146,534	8,785	(61,524)
CASH, Beginning of Year	<u>8,789</u>	<u>4</u>	<u>61,528</u>
CASH, End of Year	<u><u>\$ 155,323</u></u>	<u><u>\$ 8,789</u></u>	<u><u>\$ 4</u></u>

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

Simply HairFree Franchising II, LLC dba BODY BRITE
Notes to Financial Statements
December 31, 2021, 2020 and 2019

(1) NATURE OF ORGANIZATION

Simply HairFree Franchising II, LLC dba BODY BRITE, a Minnesota limited liability company, was organized on May 26, 2016 under the laws of the state of Minnesota as a franchisor to market and sell franchises for the establishment, development and operation of franchised businesses ("Centers") that offer hair removal and skin rejuvenation services, lotions, teeth whitening, body contouring and related services under the BODY BRITE mark.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning Franchise Agreements	13	16	14
New Agreements	1	1	2
Terminated	<u>(2)</u>	<u>(4)</u>	<u>-</u>
Ending Franchise Agreements	<u>12</u>	<u>13</u>	<u>16</u>

As of December 31, 2021, 2020 and 2019, respectively, there were 1, 1 and 1 franchises that were unopened.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

(b) Fiscal Year

The Company's fiscal year end is December 31.

(c) Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Simply HairFree Franchising II, LLC dba BODY BRITE
Notes to Financial Statements
December 31, 2021, 2020 and 2019

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue Recognition and Deferred Revenue

The Company generates revenues and earns fees from franchised stores. The Company provides the use of trademarks, system, training, opening assistance and store operating assistance in exchange for initial franchise fee and royalties based on a store's revenues.

A franchise agreement establishes a store developed in one or multiple defined geographic area and provides for a 10-year initial term.

Initial franchise fees are recorded as deferred revenue when received and are recognized as revenue over the contractual term of the franchise agreement. Transfer and renewal fees are recognized as revenue over the contractual term of the franchise agreement in accordance with ASC 606 (see below). Royalties from franchised stores are based on a percentage of gross revenues of the franchised store and are recognized as earned. Marketing fund revenue is contributed by franchisees based on a percentage of restaurant sales and is recognized as earned.

In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The updated guidance is effective for annual reporting periods beginning after December 15, 2020 with early adoption permitted. This guidance should be applied retrospectively to the date ASC 606 was adopted. There was no impact on the Company's financial statements as a result of adopting ASU 2021-02 on its financial statements.

(e) Income taxes

The Company is a limited liability company. As such the taxable income or loss of the Company is reported on the member's individual tax returns. Accordingly, no provision has been made in the accompanying financial statements for federal or state income taxes.

The Company's federal income tax returns for tax years ended 2018 and subsequent remain open for examination by the Internal Revenue Service. The returns for Minnesota, the most significant state in which the Company files, remains open for tax years ended 2017 and subsequent by state tax authorities.

Simply HairFree Franchising II, LLC dba BODY BRITE
Notes to Financial Statements
December 31, 2021, 2020 and 2019

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash Equivalents

The Company considers financial instruments with original maturities of 90 days or less to be cash equivalents. There were no cash equivalents at December 31, 2021, 2020 or 2019.

(g) Concentrations

Occasionally the Company's bank balances exceed FDIC insured limits. The Company has not experienced and does not anticipate any losses related to these balances.

The Company controls credit risk by performing periodic evaluations of the credit worthiness of its franchisees and potential franchisees, including credit approvals, credit limits, insurance and other monitoring procedures.

(h) Subsequent Events

The Company has evaluated events subsequent to December 31, 2021, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through April 5, 2022, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements. The Company had a cash balance of \$185,305 on April 5, 2022.

(i) Risks and uncertainties

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID 19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID 19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter-in-place orders. In response, the U.S. Government enacted the Coronavirus Aid, Relief and Economic Security (CARES) Act, which includes significant provisions to provide relief and assistance to affected organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter-in-place orders and the ultimate impact of the CARES Act and other governmental initiatives. It is at least reasonably possible that this matter will negatively impact the Company. However, the financial impact and duration cannot be reasonably estimated at this time.

Simply HairFree Franchising II, LLC dba BODY BRITE
Notes to Financial Statements
December 31, 2021, 2020 and 2019

(3) NOTES PAYABLE

Notes payable consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Note payable to a former member, bearing interest at 5% per annum, monthly payments of \$5,907 commencing February, 2021 and maturing January, 2026, secured by the assets of the Company.	\$ 273,172	\$ 313,000	\$ 313,000
Bank term note bearing interest at 5.5% per annum, monthly payments of \$1,212, matured December 2020, secured by the assets of the Company and personally guaranteed by the sole member of the Company.	0	3,493	14,071
Bank term note, bearing interest at 5.5% per annum, monthly payments of \$1,509, matured May 2021, secured by the assets of the Company.	<u>0</u>	<u>11,733</u>	<u>24,638</u>
Total notes payable	273,172	328,226	351,709
Less current portion	<u>(58,552)</u>	<u>(55,054)</u>	<u>(54,468)</u>
Notes payable, net of current portion	<u><u>\$ 214,620</u></u>	<u><u>\$ 273,172</u></u>	<u><u>\$ 297,241</u></u>

Simply HairFree Franchising II, LLC dba BODY BRITE
Notes to the Financial Statements
December 31, 2021, 2020 and 2019

(3) NOTES PAYABLE (Continued)

Future maturities of notes payable are as follows:

Years ending December 31:	
2022	58,552
2023	61,547
2024	64,695
2025 and thereafter	<u>88,378</u>
	<u><u>\$ 273,172</u></u>

(4) LINE OF CREDIT

In May, 2019, the Company obtained a line of credit with a bank for \$25,000 which expired in October 2021 and was not renewed by the Company. The line of credit bore interest at the US Bank prime rate plus 1% and was collateralized by all assets of the Company and was personally guaranteed by the sole member of the Company. The amount outstanding on the line of credit was \$25,000 at December 31, 2020 and 2019, respectively.

(5) FUTURE OPERATION OF THE COMPANY

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As reflected in the accompanying financial statements, the Company continues to have a net working capital and member's deficit.

The Company's operations are subject to certain risks and uncertainties including changes in the Company's position in the marketplace due to competition. The Company's future operations are ultimately dependent upon the market acceptance of the Company's current and future franchise offerings and related cash flow generated in order to meet its obligations.

Management of the Company intends to fund 2022 operations primarily through new or initial franchise fees, vendor contracts, training fees, transfer fees and existing royalty franchise fees along with limiting distributions or compensation to its sole member as needed and based on available cash flow.

The accompanying financial statements do not include any adjustments as a result of these uncertainties should management and the Company be unable to achieve and complete their plans.

Simply Hairfree Franchising II, LLC

Balance Sheet

As of February 28, 2022

	Jan 2022	Feb 2022
ASSETS		
Current Assets		
Total Bank Accounts	\$ 117,250.79	\$ 80,198.11
Total Accounts Receivable	\$ 21,965.35	\$ 27,419.76
Total Current Assets	\$ 139,216.14	\$ 107,617.87
TOTAL ASSETS	\$ 139,216.14	\$ 107,617.87
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Total Accounts Payable	\$ -	\$ -
Total Credit Cards	\$ 125.91	\$ -
Total Other Current Liabilities	\$ 184,322.10	\$ 157,615.07
Total Current Liabilities	\$ 184,448.01	\$ 157,615.07
Total Long-Term Liabilities	\$ 209,607.69	\$ 204,574.36
Total Liabilities	\$ 394,055.70	\$ 362,189.43
Equity		
30000 Retained Earnings	71,233.02	71,233.02
32100 Partner Distributions	(324,114.90)	(324,114.90)
35000 Opening Balance Equity	(1,337.64)	(1,337.64)
Net Income/(Loss)	(620.04)	(352.04)
Total Equity	\$ (254,839.56)	\$ (254,571.56)
TOTAL LIABILITIES AND EQUITY	\$ 139,216.14	\$ 107,617.87

Friday, Apr 08, 2022 09:05:55 AM GMT-7 - Accrual Basis

Simply Hairfree Franchising II, LLC

Profit and Loss

January - February, 2022

	Jan 2022	Feb 2022	Total
Income			
40500 Royalties	15,601.21	14,958.48	30,559.69
40600 Software Fees	910.00	980.00	1,890.00
40800 Marketing/Advertising Revenue	2,700.00	2,925.00	5,625.00
Total Income	\$ 19,211.21	\$ 18,863.48	\$ 38,074.69
Cost of Goods Sold			
50500 Cost of Goods - Marketing/Advertising	323.85	557.80	881.65
Total Cost of Goods Sold	\$ 323.85	\$ 557.80	\$ 881.65
Gross Profit	\$ 18,887.36	\$ 18,305.68	\$ 37,193.04
Expenses			
61000 Accounting	1,257.50	1,836.12	3,093.62
62000 Advertising/Promotional	6,777.00	4,132.00	10,909.00
62500 Bank Charges		28.61	28.61
62800 Computer and Internet	1,099.00	1,055.00	2,154.00
63000 Consulting	4,750.00	4,750.00	9,500.00
63300 Dues & Subscriptions	99.00		99.00
63800 Interest	1,138.22	1,118.35	2,256.57
65000 Meals & Entertainment	82.57	171.43	254.00
65200 QuickBooks Payments Fees	80.00		80.00
65500 Office Expenses	111.27	119.84	231.11
68500 Telephone	0.00	0.00	0.00
69000 Travel		969.34	969.34
70000 Compensation			0.00
70014 Operations	3,500.00	3,500.00	7,000.00
Total 70000 Compensation	\$ 3,500.00	\$ 3,500.00	\$ 7,000.00
71000 Website/IT	612.84	356.99	969.83
Total Expenses	\$ 19,507.40	\$ 18,037.68	\$ 37,545.08
Net Operating Income/(Loss)	\$ (620.04)	\$ 268.00	\$ (352.04)
Net Income/(Loss)	\$ (620.04)	\$ 268.00	\$ (352.04)

Friday, Apr 08, 2022 09:06:14 AM GMT-7 - Accrual Basis

EXHIBIT C
LIST OF STATE ADMINISTRATORS; AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process
California	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 Tel: 866-275-2677	Commissioner of Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344
Connecticut	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 Tel: 860-240-8230	
Florida	Department of Agriculture & Consumer Services Division of Consumer Services Plaza Level 10, The Capitol 400 South Monroe Street Tallahassee, FL 32399 Tel: 850-410-3800	
Georgia	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 Tel: 404-656-3790	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 205 Honolulu, HI 96813 Tel: 808-586-2744	Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 205 Honolulu, HI 96813
Illinois	Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, IL 62706 Tel: 217-782-4465	Illinois Attorney General 500 South Second Street Springfield, IL 62706
Indiana	Indiana Secretary of State Securities Division Franchise Section 302 West Washington Street Room E-111 Indianapolis, IN 46204	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204

	Tel: 317-232-6681	
Iowa	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 Tel: 515-281-4441	
Kentucky	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 Tel: 502-696-5389	
Maine	Department of Business Regulations State House - Station 35 Augusta, ME 04333 Tel: 207-298-3671	
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 Tel: 410-576-6360	Office of the Attorney General Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division Franchise Section G. Mennen Williams Building 525 W. Ottawa Street Lansing, MI 48909 Tel: 517-335-7622	Michigan Department of Commerce Corporations, Securities & Commercial Licensing Bureau 2407 N. Grand River Ave. Lansing, MI 48906
Minnesota	Minnesota Department of Commerce Securities Division 85 7 th Place East, Suite 280 St. Paul, MN 55101 Tel: 651-539-1600	Minnesota Commissioner of Commerce Department of Commerce Securities Division 85 7 th Place East, Suite 280 St. Paul, MN 55101
Nebraska	Nebraska Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tel: 402-471-3445	
New Hampshire	Attorney General Consumer Protection and Antitrust Bureau	

	State House Annex Concord, NH 03301 Tel: 603-271-3641	
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 Tel: 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Carolina	Department of the Secretary of State Business Opportunities 2 South Salisbury Street Raleigh, NC 27601-2903 Tel: 919-814-5400	
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 Tel: 701-328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510
Ohio	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 Tel: 614-466-8831 Tel: 800-282-0515	
Oklahoma	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 Tel: 405-521-2451	
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 Tel: 503-378-4140	Director of Oregon Department of Insurance and Finance 700 Summer Street NE, Suite 120 Salem, OR 97310
Rhode Island	Rhode Island Department of Business Regulation Division of Securities John O. Pastore Complex – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 Tel: 401-462-9527	Director of Rhode Island Department of Business Regulation John O. Pastore Complex, Bldg. 69-1 1511 Pontiac Avenue Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Securities	Director of South Dakota Division of Securities Department of Labor and Regulation

	124 S. Euclid, 2 nd Floor Pierre, SD 57501 Tel: 605-773-3563	124 S. Euclid, 2 nd Floor Pierre, SD 57501
Texas	Secretary of State Statutory Documents Section 1019 Brazos Austin, TX 78711 Tel: 512-475-1769	
Utah	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 146705) Salt Lake City, UT 84114-6704 Tel: 801-530-6601	
Virginia	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 th Floor 1300 E. Main Street Richmond, VA 23219 Tel: 804-371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219
Washington	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 Tel: 360-902-8700	Director, Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507
Wisconsin	Wisconsin Dept. of Financial Institutions Division of Securities 201 W. Washington Avenue, Suite 300 Madison, WI 53703 Tel: 608-266-1064	Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT D
STATE-SPECIFIC ADDENDA

**ADDENDUM TO
SIMPLY HAIRFREE FRANCHISING II, LLC D/BA/ BODYBRITE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 - 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 - 20043, the franchise disclosure document for BodyBrite in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

1. California Corporations Code § 31125 requires us to give you a disclosure document, in a form containing the information that the Commissioner of Department of Financial Protection and Innovation of the California Department of Financial Protection and Innovation may by rule or order require, prior to a solicitation or a proposed material modification of an existing franchise.

2. 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 FRANCHISE DISCLOSURE DOCUMENT.

3. Item 3, "Litigation," shall be amended by the addition of the following language:

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

4. Item 6 is amended by adding the following to the Remarks in the "Interest on Late Payments" section:

The maximum allowable interest rate in California is 10% per annum.

5. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

The regulations of the California Department of Financial Protection and Innovation require that the following information concerning provisions of the franchise agreement be disclosed to you:

The California Franchise Relations Act provides rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California 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. §§ 101, *et seq.*

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

The franchise agreement requires the application of the laws of Minnesota. This provision may be unenforceable under California law.

The franchise agreement contains a waiver of punitive damages and a jury trial. These provisions may not be enforceable under California law.

The franchise agreement requires mediation, and if not settled by mediation, binding arbitration. Mediation will occur in a metropolitan area within 20 miles of our principal executive office, and arbitration will occur in the office of the American Arbitration Association closest to our principal executive office. These provisions may not be enforceable under California law. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws to the provisions of the franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code § 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 is void. California Corporations Code § 31512 voids a waiver of your rights under the California Franchise Investment Law. California Business and Professions Code § 20010 voids a waiver of your rights under the California Franchise Relations Act.

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

7. THE FRANCHISE HAS 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.

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

**ADDENDUM TO
SIMPLY HAIRFREE FRANCHISING II, LLC D/BA/ BODYBRITE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, 815 Illinois Compiled Statutes §§ 705/1 - 705/44, the franchise disclosure document for BodyBrite in connection with the offer and sale of franchises for use in the State of Illinois shall be amended to include the following:

1. The “Summary” section of Item 17(v), entitled “Choice of forum,” shall be amended by the addition of the following language:

However, any provision in the franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under Section 4 of the current Illinois Franchise Disclosure Act of 1987 (as amended), although the franchise agreement may provide for arbitration in a forum outside of the State of Illinois.

2. The “Summary” section of Item 17(w), entitled “Choice of law,” shall be amended by the addition of the following language:

However, except for federal law, Illinois law applies if the jurisdiction requirements of the Illinois Franchise Disclosure Act of 1987 (as amended) are met.

3. The following paragraph is added at the end of Item 5:

Payment of the Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to the Franchisee, and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

4. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

**ADDENDUM TO
SIMPLY HAIRFREE FRANCHISING II, LLC D/BA/ BODYBRITE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA**

In recognition of the requirements of the Indiana Franchise Act, Indiana Code §§23-2-2.51 through 51, the franchise disclosure document for BodyBrite in connection with the offer and sale of franchises for use in the State of Indiana shall be amended to include the following:

1. The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise agreement. These provisions may not be enforceable under Indiana law.
2. Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the franchise agreement and the termination is not done in bad faith.
3. If Indiana law requires the franchise agreement and all related documents to be governed by Indiana law, then nothing in the franchise agreement or related documents referring to Minnesota law will abrogate or reduce any of your rights as provided for under Indiana law.
4. Item 8, “Restrictions on Sources of Products and Services,” is amended by the addition of the following language:

Any benefits derived as a result of a transaction with suppliers for Indiana franchisees will be kept by us as compensation for locating suppliers and negotiating prices for you.

5. Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.
6. Although the franchise agreement requires arbitration to be held in the office of the American Arbitration Association closest to our principal executive office, arbitration held pursuant to the franchise agreement must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.
7. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

**ADDENDUM TO
SIMPLY HAIRFREE FRANCHISING II, LLC D/BA/ BODYBRITE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Maryland Code of Business Regulation §§ 14-201 - 14-233, the Franchise Disclosure Document for BodyBrite in connection with the offer and sale of franchises for use in the State of Maryland shall be amended to include the following:

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following language:

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

Although the franchise agreement requires litigation to be held in a court in Minnesota, you may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, subject to the arbitration provisions of the franchise agreement.

The franchise agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11. U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

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

To the extent that any provisions of the franchise agreement require you to assent to any release, estoppel or waiver of liability as a condition to your purchasing a franchise, such provisions are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

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

**ADDENDUM TO
SIMPLY HAIRFREE FRANCHISING II, LLC D/BA/ BODYBRITE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Franchise Act, Minnesota Statutes §§ 80C.01 - 80C.22, and of the Franchise Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minnesota Rules §§ 2860.0100 - 2860.9930, the Franchise Disclosure Document for BodyBrite in connection with the offer and sale of franchises for use in the State of Minnesota shall be amended to include the following:

1. The Risk Factors set forth on the State Cover Page shall be amended by the addition of the following paragraph:

MINNESOTA STATUTES § 80C.21 AND MINNESOTA RULES § 2860.4400J PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF THE STATE OF MINNESOTA. IN ADDITION, NOTHING IN THE FRANCHISE DISCLOSURE DOCUMENT OR FRANCHISE AGREEMENT CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA FRANCHISE ACT, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION.

2. Item 13, “Trademarks,” shall be amended by the addition of the following language:

The franchisor will protect the franchisee’s right to use the Marks or will indemnify the franchisee from any loss, costs or expenses arising out of any claim, suite or demand regarding the use of the name.

3. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraphs:

With respect to franchisees governed by Minnesota law, we will comply with Minnesota Statutes § 80C.14, Subdivisions 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the franchise agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

Pursuant to Minnesota Rules § 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation, claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Act, and the Franchise Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

Minnesota Statutes § 80C.21 and Minnesota Rules § 2860.4400J prohibit us from requiring litigation to be conducted outside of the State of Minnesota. In addition, nothing in the franchise disclosure document or franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Franchise Act, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. Fee Deferral. The following paragraph is added at the end of Item 5 and Item 7 and the Franchise Agreement is amended to state:

The State of Minnesota has required financial assurance. Therefore, we have agreed to defer all initial fees owed by you to us until we have fulfilled all pre-opening obligations to you and you have commenced doing business pursuant to the Franchise Agreement. The State of Minnesota imposed this deferral requirement due to our financial condition. You may contact the state agency listed in Exhibit C for more information.

5. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act or the Franchise Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

**ADDENDUM TO
SIMPLY HAIRFREE FRANCHISING II, LLC D/BA/ BODYBRITE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK**

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

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective Rev. March 17, 2021 2 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 franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”: However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

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

6. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute

**ADDENDUM TO
SIMPLY HAIRFREE FRANCHISING II, LLC D/BA/ BODYBRITE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA**

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees:

- A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to North Dakota Century Code § 9-08-06, without further disclosing that such covenants will be subject to the statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of the State of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota Franchise Investment Law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota applies.
- J. Enforcement of Agreement: Franchise agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

2. The following paragraph is added to the end of Item 5:

Based on Franchisor's financial condition, the State of North Dakota has required financial assurance. Therefore, Franchisor has agreed to defer all initial fees owed by Franchisee until Franchisor has fulfilled all pre-opening obligations to Franchisee and Franchisee has commenced doing business pursuant to the Franchise Agreement. The State of North Dakota imposed this deferral

requirement due to our financial condition. You may contact the agency listed in Exhibit C for more information.

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

**ADDENDUM TO
SIMPLY HAIRFREE FRANCHISING II, LLC D/BA/ BODYBRITE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, Rhode Island Code §§ 19-28.1-1 - 19-28.1-34, the Franchise Disclosure Document for BodyBrite in connection with the offer and sale of franchises for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following language:

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

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

**ADDENDUM TO
SIMPLY HAIRFREE FRANCHISING II, LLC D/BA/ BODYBRITE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF SOUTH DAKOTA**

In recognition of the requirements of the South Dakota Franchise Act, South Dakota Codified Laws Chapter 37-5B, the Franchise Disclosure Document for BodyBrite in connection with the offer and sale of franchises for use in the State of South Dakota shall be amended to include the following:

1. Except as may be described in Item 3 of this Franchise Disclosure Document, neither we nor any person identified in Item 2 of this Disclosure Document has any material arbitration proceeding pending, or has during the 10 year period immediately preceding the date of this Franchise Disclosure Document been a party to concluded material arbitration proceedings.
2. Although the franchise agreement requires all arbitration proceedings to be held in the office of the American Arbitration Association closest to our principal executive office, the site of any arbitration started pursuant to the franchise agreement will be at a site mutually agreed upon by you and us.
3. We may not terminate the franchise agreement for a breach, for failure to meet performance standards and/or for failure to make royalty or advertising payments unless you receive 30 days prior written notice from us and you are provided with an opportunity to cure the defaults.
4. Covenants not to compete upon termination or expiration of the franchise agreement are generally unenforceable in the State of South Dakota.
5. The laws of the State of South Dakota will govern matters pertaining to franchise registration, employment, covenants not to compete, and other matters of local concern; but as to contractual and all other matters, the franchise agreement will be subject to the applications, construction, enforcement and interpretation under the governing law of Minnesota.
6. Any provisions in the franchise agreement restricting jurisdiction or venue to a forum outside of the State of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.
7. Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.
8. Item 5 is amended by adding the following:

The South Dakota Department of Labor & Regulation, Securities Regulations, requires Franchisor to defer Franchisee's payment of the initial franchise fees until Franchisor has completed its pre-opening obligations under the Franchise Agreement and Franchisee has commenced operating its BodyBrite location.
9. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchise Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

**ADDENDUM TO
SIMPLY HAIRFREE FRANCHISING II, LLC D/BA/ BODYBRITE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE COMMONWEALTH OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for BodyBrite for use in the Commonwealth of Virginia shall be amended as follows:

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following language:

Pursuant 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 is defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. The following paragraph is added to the end of Item 5:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

3. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

**ADDENDUM TO
SIMPLY HAIRFREE FRANCHISING II, LLC D/BA/ BODYBRITE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON**

The State of Washington has an act, the Washington Franchise Investment Protection Act, Revised Code of Washington §§ 19.100.010 – 19.100.940, which may supersede the franchise agreement in your relationship with us 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 us including the areas of termination and renewal of your franchise.

In recognition of the requirements of the Washington Franchise Investment Protection Act, the Franchise Disclosure Document for BodyBrite in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following:

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.

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

EXHIBIT E
DISCLOSURE ACKNOWLEDGMENT AGREEMENT

DISCLOSURE ACKNOWLEDGMENT AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a BodyBrite franchise. The purpose of this Disclosure Acknowledgment Agreement is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*

Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? **Check one:** () Yes () No. **If no, please comment:** _____

Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? **Check one:** () Yes () No. **If no, please comment:** _____

Did you receive a copy of the Franchise Agreement at least 7 calendar days prior to the date on which the Franchise Agreement was executed (except for negotiated changes that you initiated with us)? **Check one:** () Yes () No. **If no, please comment:** _____

Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? **Check one:** () Yes () No. **If no, please comment:** _____

Was any claim or representation made to you which contradicted the information in the Disclosure Document? **Check one:** () Yes () No. **If yes, please comment:** _____

Did any employee or other person involved in the franchise sales process make any statement or promise to you that stated, suggested, predicted or projected sales, revenues, financial performance, earnings, income or profit levels at a BodyBrite business? **Check one:** () Yes () No. **If yes, please explain in detail:** _____

Did any employee or other person involved in the franchise sales process predict or promise that your BodyBrite will be successful or profitable? **Check one:** () Yes () No. **If yes, please explain in detail:** _____

Do you understand that there are risks involved in starting a new business and do you accept those risks? **Check one:** () Yes () No.

YOUR ANSWERS ARE IMPORTANT TO US AND WE WILL RELY ON THEM. BY SIGNING THIS AGREEMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

FRANCHISEE:

By:

(Signature)

(Print Name)

(Date)

FRANCHISEE:

By:

(Signature)

(Print Name)

(Date)

EXHIBIT F
OPERATIONS MANUAL TABLE OF CONTENTS



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EXHIBIT G-1

**RETOUCH BEAUTY COMPANY LLC
EQUIPMENT FINANCE AGREEMENT**

Equipment Finance Agreement

Agreement # _____

Federal Tax # _____

DEBTOR INFORMATION

FULL LEGAL NAME OF DEBTOR		STREET ADDRESS	
CITY	STATE	ZIP	PHONE
EQUIPMENT LOCATION (IF DIFFERENT FROM ABOVE)			

FUNDING AMOUNT: XX,XXX.xx

COLLATERAL DESCRIPTION

SUPPLIER	QUANTITY	ITEM DESCRIPTION	SERIAL #
ITEM 1		Sample Equipment Description	
ITEM 2		Sample Equipment Description	
ITEM 3		Sample Equipment Description	

LOAN TERM Term in months <u>XX</u> Commencement Date:	MONTHLY PAYMENT AMOUNT XX Payments of \$X,XXX.xx (w/o tax) Plus applicable taxes Payment Period is monthly unless otherwise indicated	SECURITY DEPOSIT \$ X,XXX.xx ADVANCE PAYMENT \$ X,XXX.xx
--	---	---

TERMS OF EQUIPMENT FINANCE AGREEMENT (This Agreement contains provisions set forth on page 2 and any supplements and/or addendums, all of which are made part of this Agreement)

- SECURITY INTEREST.** Debtor hereby pledges to Creditor a security interest under the Uniform Commercial Code in the above Collateral (collectively the "Collateral" and individually an "Item" or "Item of Collateral"). Such security interest is granted to secure performance by Debtor of its obligations hereunder and under any other present or future agreement with Creditor. Debtor shall insure that such security interest is and shall remain as the first lien security interest.
- PAYMENTS.** Debtor shall pay Creditor the above-indicated number of monthly installments of interest and principal in the amount indicated above. Monthly installments are due beginning on the earlier of (a) the date you open your BodyBrite Franchised Location or (b) 90 days after the Commencement Date. The term of this Agreement will begin on the Commencement Date and will continue for the term indicated above. If there is a default, any payment under this Agreement may be applied to Debtor's obligation to Creditor in such order as Creditor chooses including advance payments.
- NO AGENCY.** DEBTOR ACKNOWLEDGES THAT NO THIRD-PARTY SUPPLIER OF AN ITEM OR INTERMEDIARY NOR ANY AGENT OF EITHER THEREOF IS AN AGENT OF CREDITOR AND FURTHER THAT NONE OF SUCH PARTIES IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS AGREEMENT. NO REPRESENTATION AS TO ANY MATTER BY ANY SUCH PARTY SHALL BIND CREDITOR OR AFFECT DEBTOR'S DUTY TO PAY THE INSTALLMENT PAYMENTS AND PERFORM ITS OTHER OBLIGATIONS HEREUNDER.

- NONCANCELABLE AGREEMENT; PREPAYMENT; NO OFFSET.** THIS AGREEMENT IS NON CANCELABLE BY DEBTOR FOR ANY REASON WHATSOEVER. DEBTOR MAY PREPAY THIS INSTALLMENT PAYMENT ONLY IN ACCORDANCE HERewith. Provided no events of default have occurred, Creditor will allow for a simple interest payoff calculation on the remaining stream of payments if Debtor wishes to pay off early. ALL PAYMENTS HEREUNDER ARE TO BE MADE WITH OUT OFFSET. (CONTINUE ON PAGE 2)

This Agreement is effective only upon execution by an authorized officer of Creditor following Debtor's execution hereof and upon execution Creditor shall fund the Funding Amount.

CREDITOR ACCEPTANCE

DEBTOR ACCEPTANCE

If transmitted electronically, via facsimile, email or similar means you agree that we may treat electronic record or a paper copy of the output received from electronic transmission as an original of this written agreement.

DATED: _____ 20 _____

DATED: _____ 20 _____

CREDITOR: RETOUCH BEAUTY COMPANY LLC
5108 W 78th Street, #390425, Minneapolis, MN 55439

DEBTOR: _____

AUTHORIZED
SIGNATURE: _____AUTHORIZED
SIGNATURE: X

TITLE: _____

TITLE: _____

PERSONAL GUARANTY: As additional inducement for us to enter into the Equipment Finance Agreement ("Agreement"), the undersigned ("You") absolutely and for more than one guarantor, jointly, severally, absolutely, unconditionally, and continually personally guarantees that the Debtor will make all payments and meet all obligations required under this Agreement and any supplements thereto fully and promptly. You agree that Creditor may make other arrangements with the Debtor and You waive all notice of those changes and will remain responsible for any and all payment and obligations under the Agreement. Creditor does not have to notify You if the Debtor is in default. If the Debtor defaults, You will immediately pay in accordance with the default provisions of the Agreement all sums due under the terms of the Agreement and will perform all the obligations of the Agreement. If it is necessary for Creditor to proceed legally to enforce this Guaranty, this Agreement will be deemed fully executed and performed in, and will be governed by and construed in accordance with the state law in accordance with Creditor's or Creditor's Assignee's principal place of business. You expressly consent to jurisdiction of any state or federal court in Creditor's state or Creditor's Assignee's principal place of business or any other court so chosen by Creditor. **YOU EXPRESSLY CONSENT TO GOVERNING LAW, VENUE PROVIDED HEREIN AND EXPRESSLY HEREBY WAIVE THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES YOU MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT.** You agree to pay all costs, including attorneys' fees and costs incurred in enforcement of this Guaranty. You agree to be bound by paragraph 14 of this Agreement. It is not necessary for Creditor to proceed first against the Debtor before enforcing this Guaranty.

Personal Guarantor (Printed Name) _____ Personal Guarantor Signature _____

DATE ONLY (DO NOT SIGN TITLE)

Personal Guarantor (Printed Name) _____ Personal Guarantor Signature _____

DATE ONLY (DO NOT SIGN TITLE)

5. **WARRANTY DISCLAIMER.** WITH REGARD TO ITEMS SUPPLIED BY A THIRD-PARTY SUPPLIER, CREDITOR MAKES NO AGREEMENT, REPRESENTATION OR WARRANTY AS TO ANY ITEM OF COLLATERAL.

6. **LOCATION; INSPECTION; USE.** Debtor shall keep, or, as to an Item which is movable, permanently garage (or otherwise securely store) and not remove from the United States as appropriate, each Item of Collateral in Debtor's possession and control at the Collateral Location or at such other location to which such Item may have been moved with the prior written consent of Creditor. Upon request, Debtor shall advise Creditor as to the exact location of an item of Collateral. Creditor may inspect the Collateral during normal business hours and enter the premises where the Collateral may be located for such purposes. Each Item shall be used solely for commercial or business purposes for the operation of your BodyBrite Franchised Location and operated in a careful and proper manner and in compliance with all applicable governmental requirements, all requirements of insurance policies carried hereunder and all manufacturer's instructions and warranty requirements.

7. **ALTERATIONS; SECURITY INTEREST COVERAGE.** Without Creditor's prior written consent, Debtor shall not make any alterations, additions or improvements to an Item of Collateral which detract from its economic value or functional utility. All additions and improvements made to an Item shall be deemed accessions thereto, and shall not be removed if removal would impair the Item's economic value or function utility. Creditor's security interest shall cover all modifications, accessions, additions, to and replacements and substitutions for the Collateral. Debtor will not make any replacements or substitutions without Creditor's prior written consent.

8. **MAINTENANCE.** Debtor shall maintain the Collateral in good repair, condition and working order. Debtor shall cause all repairs required to maintain the Collateral in such condition to be made promptly by qualified parties. Debtor will cause each Item of Collateral for which a service contract is generally available to be covered by such a contract which provides coverage typical as to property of the type involved and is issued by a competent servicing entity.

9. **LOSS AND DAMAGE.** In the event of loss, theft destruction, or requisition of or damage to an Item of Collateral from any cause Debtor shall give Creditor prompt notice thereof and shall thereafter place the Item in good repair, condition and working order; provided, however, that if such Item is determined by Creditor to be lost, stolen, destroyed or damaged beyond repair or is requisitioned or suffers a constructive total loss under an insurance policy carried hereunder Debtor shall pay Creditor the total of all unpaid payments for the full agreement term.

10. **TITLING.** If requested by Creditor, Debtor shall cause an Item of Collateral subject to title registration laws to be titled as directed by Creditor. Debtor shall advise Creditor promptly as to any necessary retitling. Debtor shall cause all documents of title to be furnished to Creditor within ten (10) days of the date of any titling effected by Debtor.

11. **TAXES.** Debtor shall when due pay and make filings with respect to all taxes, fees, including registrations, fines, penalties and other governmental assessments based on the ownership or use of the Collateral and shall pay as directed by Creditor or reimburse Creditor for all other governmental assessments (including gross receipts taxes but exclusive of Federal and State taxes based on Creditor's net income) related to amounts due hereunder, the Collateral or otherwise related hereto. Filings with respect to such other assessments shall, at Creditor's option, be made by Creditor or by Debtor as directed by Creditor.

12. **INSURANCE & INDEMNITY.** Debtor shall maintain and provide Creditor evidence satisfactory to Creditor of the maintenance of all risk insurance against loss of or damage to the Collateral for not less than the Original Collateral Cost thereof naming Creditor as Loss Payee and Additional Insured. Such insurance shall be in a form and with companies approved by Creditor, shall provide at least thirty (30) days advance written notice to Creditor of material change or cancellation, shall provide full breach of warranty protection, if appropriate, and shall provide that the coverage is "primary". In the event of an assignment of this agreement of which Debtor receives notice, Debtor shall cause such insurance to provide the same protection to the assignee as its interests may appear. The proceeds of such insurance, at the option of the Creditor, shall be applied towards: (a) the repair or replacement of the appropriate Item or Items of Collateral; (b) the total of all unpaid payments for the full agreement term or; (c) payment of any other accrued obligations of Debtor hereunder. Any excess of such proceeds remaining shall belong to Debtor. Debtor shall provide Creditor with public liability and property damage coverage applicable to the Collateral in such amounts and in such forms as Creditor shall reasonably require. Debtor shall indemnify, defend and hold Creditor harmless against any claim, action, liability or expense including attorneys' fees and court costs, incurred by Creditor related to this Agreement. While it is not anticipated that Creditor shall have any liability for torts related to the Collateral, this indemnity covers tort proceedings including and strict liability claim, any claim under another theory related to latent or other defects and any patent, trademark or service mark infringement claim.

13. **CREDITOR'S PAYMENT, DEFAULT, & REMEDIES.** If Debtor fails to perform any of its obligations hereunder, Creditor may perform such obligation, and Debtor shall: (a) reimburse Creditor the cost of such performance and; (b) pay Creditor the service charge contemplated in paragraph 17. Any of the following constitutes an event of default hereunder: (a) Debtor's failure to pay any amount hereunder when due; (b) Debtor's default in performing any other obligation hereunder or under any agreement between Debtor and Creditor; (c) death or judicial declaration of competency of Debtor, if an individual; (d) the filing by or against Debtor of a petition under the Bankruptcy Code or under any other insolvency law or law providing for the relief of debtors including, without limitation, a petition for reorganization, agreement or extension; (e) the making of an assignment of a substantial portion of its assets be Debtor for the benefit of creditors, appointment of a receiver or trustee for Debtor or for any Debtor's assets, institution by or against Debtor of any other type of insolvency proceeding or other proceeding contemplating settlement claims against or winding up of the affairs of Debtor, Debtor's cessation of active business affairs or the making by Debtor of a transfer of a material portion of Debtor's assets or inventory not in the ordinary course of business; (f) the occurrence of an event described in (c), (d) or (e) as to a guarantor of Debtor's obligations hereunder; (g) any misrepresentation of a material fact in connection herewith by or on behalf of Debtor; (h) Debtor's default under a lease or agreement providing financial accommodation with a third party or (i) Creditor shall in good faith deem itself insecure as a result of a material adverse change in Debtor's financial condition or otherwise. Upon the occurrence of an event of default Creditor shall have the rights and remedies of a secured party, and Debtor shall have the rights and duties of a Debtor, under the Uniform Commercial Code (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted including Articles 2A and 9) and in connection therewith Creditor may: (a) declare all amounts hereunder due and payable without notice or demand to Debtor due and payable with respect to any or all Items of Collateral without notice or demand to Debtor; (b) take possession of and, if deemed appropriate, render unusable any or all Items of Collateral, without demand or notice, wherever located, without any process of law and without liability for any damages occasioned by such taking of possession including damages to contents; (c) require Debtor to assemble any or all Items of Collateral at a location in reasonable proximity to their designated location hereunder; (d) upon notice to Debtor required by law, sell or otherwise dispose of any Items of Collateral, whether or not in Creditor's possession, in a commercially reasonable manner at public or private sale at any place designated in such notice and apply the net proceeds of such sale after deducting all costs of such sale, including, but not limited to, costs of transportation, repossession, storage, refurbishing, advertising and brokers fees, to the obligations of Debtor hereunder with Debtor remaining liable for any deficiency and with any excess being returned to Debtor or; (e) utilize any other remedy available under the Uniform Commercial Code or otherwise to Creditor, whether under common law or equity. All remedies are cumulative. Any sale may be adjourned by announcement at the time and place appointed for such sale without further published notice, and Creditor may if permitted by law bid and become the purchaser at any such sale. You waive all rights under Article 2A Sections 508-522.

14. **LITIGATION EXPENSES.** Debtor shall pay Creditor its cost and expenses not offset as provided in paragraph 13. Debtor shall pay all attorneys' fees, court costs and other legal expenses incurred by Creditor in the enforcement of Creditor's rights under this Agreement, regardless of whether legal proceedings are, in fact, instituted. It is agreed that attorneys' fees shall be the greater of (a) thirty-five percent (35%) of the total amount determined to be due, or (b) such actual attorneys' fees as are reasonable.

15. **ASSIGNMENT.** Without the prior written consent of Creditor, Debtor shall not sell, lease, create or allow any lien other than Creditor's security interest against an Item of Collateral or assign any of Debtor's obligations hereunder. Debtor's obligations are not assignable by operation of law. Consent to any of the foregoing applies only in the given instance. Creditor may assign, pledge or otherwise transfer any of its rights hereunder without notice to Debtor. If Debtor is given notice of any such assignment, Debtor shall acknowledge receipt thereof in writing and shall thereafter pay any amounts due hereunder as directed in the notice. The rights of an assignee to amounts due hereunder shall be free of any claim or defense Debtor may have against Creditor, and Debtor agrees not to assert against an assignee any claim or defense which Debtor may have against Creditor. Subject to the foregoing, this Agreement inures to the benefit of, and is binding upon, the heirs, legatees' personal representatives, successors and assigns of the parties. **Debtor understands that this Agreement may be assigned to another entity by Creditor whose principal place of business may be in another state than Creditor.**

16. **MARKINGS; PERSONAL PROPERTY.** Debtor shall mark the Collateral or its location as requested by Creditor to indicate Creditor's security interest. The Collateral shall at all times deemed personal property. Debtor will provide Creditor any real property waivers requested by Creditor as to the real property where an Item of Collateral is or is to be located.

17. **LATE PAYMENT.** If Debtor fails to pay any amount to be paid hereunder, Debtor will pay Creditor: (a) a late charge of 15% of the payment which is late or \$15.00, whichever is greater, or if less, the maximum charge allowed by law; (b) amounts Creditor pays others in connection with the collection of the payment and; (c) interest on such unpaid amount from the date due until paid at the lesser of eighteen percent (18%) per annum or the highest rate permitted by applicable law. No more than a single charge under subparagraph (a) will be due in any given month.

18. **ADDITIONAL DOCUMENTS.** Debtor shall provide to Creditor such financing statements and similar documents as Creditor shall request. Debtor authorizes Creditor where permitted by law to make filings of such documents without Debtor's signature. Debtor further shall furnish Creditor: (a) a fiscal year end financial statement including balance sheet and profit and loss statement within one hundred twenty (120) days of each fiscal year end; (b) such other information and documents not specifically mentioned herein relative to this Agreement as Creditor may request. Debtor shall reimburse Creditor for all search and filing fees incurred by Creditor related hereto.

19. **NOTICES.** Notices, if provided at Creditor's sole discretion, shall be in writing and sufficient if mailed to the party involved, United States mail first class postage prepaid, at its respective address set forth on page 1 or at such other address as such party may provide in writing in accordance herewith. Notice so given shall be effective when mailed. Debtor shall promptly notify Creditor of any change in Debtor's address.

20. **LAW. THIS AGREEMENT WILL BE DEEMED FULLY EXECUTED AND PERFORMED IN CREDITOR'S OR CREDITOR'S ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS AND WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE STATE LAW IN ACCORDANCE WITH CREDITOR'S OR CREDITOR'S ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS. DEBTOR EXPRESSLY CONSENTS TO JURISDICTION OF ANY STATE OR FEDERAL COURT IN CREDITOR'S STATE OR CREDITOR'S ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS OR ANY OTHER COURT SO CHOSEN BY CREDITOR. DEBTOR EXPRESSLY CONSENTS TO GOVERNING LAW, VENUE PROVIDED HEREIN AND EXPRESSLY HEREBY WAIVES THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES DEBTOR MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT.**

21. **DEBTOR'S WARRANTIES.** DEBTOR CERTIFIES AND WARRANTS: (a) the financial and other information which Debtor has submitted, or will submit, to Creditor in connection with this agreement is, or shall be at time of submission, true and complete; (b) this agreement has been duly authorized by Debtor and upon execution by Debtor shall constitute the legal, valid and binding obligation, contract and agreement of Debtor enforceable against Debtor in accordance with its terms; and (c) each showing provided by Debtor in connection herewith may be fully relied upon by Creditor notwithstanding any technical deficiency in attestation or otherwise. The person executing this agreement on behalf of Debtor warrants that person's due authority to do so. Debtor further warrants that each item of collateral shall at the time Creditor funds the total advance be allowed by Debtor free and clear of liens or encumbrances and be in good condition and working order.



 AUTHORIZED SIGNATURE



 TITLE



 DATE

EXHIBIT G-2

**EDGE SYSTEMS LLC D/B/A THE HYDRAFACIAL COMPANY
EQUIPMENT PURCHASE AGREEMENT**

This PURCHASE AGREEMENT (this "Agreement") is entered into between Edge Systems LLC dba The HydraFacial Company (also referred to as "Seller" or "HF" herein), a California limited liability company, and _____ (the "Buyer") as of _____ (the "Effective Date").

This Agreement is written in plain English rather than "legalese." Throughout this Agreement, the words "you" or "your" refer to the Buyer, and the words "we," "us," and "our" refer to the Seller/HF.

1. Purchase Information

Rep Name:

Type of Sale:

BUYER INFORMATION

Company:

Bill To:

Point of Contact:

Address:

Phone:

Mobile:

E-Mail:

EQUIPMENT

Description	Type	Serial #	Product #	Qty	List Price	Extended Price
-------------	------	----------	-----------	-----	------------	----------------

ADDITIONAL LINE ITEMS

Description	Product #	Qty	List Price	Extended Price
-------------	-----------	-----	------------	----------------

Note: In no event can financed consumables exceed \$5,000 in the aggregate. Additionally, financed consumables are final sale (and may not be returned due to their expiration).

PROMOTIONS

Description	Type	Amount off Extended Price
-------------	------	---------------------------

****ALL PRICES LISTED IN USD****

INVOICE AMOUNT

Product Type	Subtotal
Equipment:	
Additional Line Items:	
Promotions:	
Freight*:	
Sales Tax*:	
Grand Total:	

** This amount is paid in full in the Initial Payment.*

SHIPPING REQUIREMENTS

Shipping:

Ship To:

Address:

Shipping Instructions:

TRADE-IN CREDIT

You are making this purchase as an upgrade of your existing third party equipment.

To effectuate this:

- You shall tender to HF your existing device which is described here.
- | Program Description | Description (third party device) |
|---|----------------------------------|
| <p>Upon HF's taking of possession of such existing device, a "Conditional Credit" of \$0.00 shall be applied to your purchase of the Equipment. Generally, we take the existing device when delivering your Equipment. If HF does not receive the existing device within thirty (30) days of the Effective Date, such Conditional Credit shall be void and you shall owe Seller a prompt payment equal to such amount.</p> <p>Once that exchange is complete, (i) the agreement between us where you purchased the existing device (and its accompanying agreements/documents) are replaced completely with this Agreement (and the accompanying materials here), and (ii) Seller is then the owner of such device and you no longer have any ownership rights in or to it.</p> | |

FINANCING / PAYMENTS

Initial Payment Amount:

Initial Payment Form:

Amount Financed:

Length of Term (Months):

Monthly Payment:

(paid over months three through twelve (3 – 12) /
no payment due in months one and two (1&2))

Payment Schedule: The Initial Payment is due on the date that this Agreement is signed / the Effective Date.

Your Monthly Payments for the financed amount are due (and will be processed) monthly; beginning on or about the 15th day of the month that is three (3) months from the Effective Date, and then on the 15th day of each month thereafter until all installment payments are made.

HF will endeavor to send you a friendly reminder for each of these payments, but - if you don't receive that reminder - your installment payments are nonetheless due on such schedule.

For Canada Buyers only, please note that the full purchase price is locked-in in as an amount in U.S. dollars as of the Effective Date (and such U.S. dollar amount needs to be paid in full over the term). All payments by Buyer will be made in U.S. dollars, and any currency conversion charges are the risk and responsibility of the Buyer.

Payment Source(s):

Physical payments (checks or wires) should be sent to:

The HydraFacial Company, Attn: Accounting, 3600 Burnett, Long Beach, CA 90815 (United States)
(phone): 562-391-4039 (email): accounting@hydrafacial.com

For credit card payments, please also complete and sign our Credit Card Authorization Form, but - in any event - you authorize HF to bill the credit card you submit for your payment(s).

2. Equipment Sale/Return Policy

All sales are final.

Returns must be pre-approved and returned within thirty (30) days in the original box and in salable condition. Any returns are subject to a thirty-five percent (35%) re-stocking fee.

Shipping charges are additional and non-refundable.

You should save all packaging for returns and repairs. Damages must be reported to the shipping carrier immediately at the time of delivery. For repairs, please call us at 1-800-603-4996, Option #2 to obtain a return material authorization ("RMA") number and fill out the required RMA form. The RMA must be completed and included with the return.

3. Limited Warranty: Care and Use of Equipment

The Equipment comes with a standard one (1) year limited warranty, which is set forth in the User Guide. Some jurisdictions where we sell may have legal principals of "implied" or "merchantability" or "fitness" warranties, but none of those apply here (and they're "expressly waived"). We'll work to be good partners and always be fair, but the only warranties which apply are those actually stated in our agreements together (including any Extended Warranty). Your HF sales representative can provide you with additional detail and materials regarding an Extended Warranty.

- *Note:* An Extended Warranty must be purchased prior to the end of the one (1) year limited warranty you're receiving with your purchase. If you have purchased the Extended Warranty as part of this transaction, it will be reflected on Page 1 of this agreement.

You agree to use the Equipment solely in your business and in a careful and proper manner. This includes (i) only operating the Equipment in accordance with the User Guide, and (ii) only allowing persons who have been properly trained in the proper use of the Equipment to use it / administer treatments.

To maintain the warranty, you also agree:

- to keep the Equipment in good working condition;
- not make any alterations or modifications to the Equipment; and
- **only use only HF supplies/consumables (including tips and serums) when performing treatments commercially.** (HF's quality controls, tests, and validation for the proper function of the Equipment rely on the exclusive use of HF consumables.)

Failure to comply with these provisions will void any warranty provided by HF (in addition to having other implications under our agreements together, such as (i) removal from HF's "Loyalty" program (where you receive reduced pricing on our consumables), (ii) termination of your access to HF's resources and support personnel, and (iii) revocation of your licenses to offer HYDRAFACIAL® treatments, or use "HYDRAFACIAL®" marks and copyright-protected marketing materials under our accompanying License Agreement).

4. Delivery & Acceptance: Initial Training

- 4.1. An HF sales consultant will contact you to schedule a date and time for the installation of the Equipment and to train your staff on its general use (though they should always consult with the User Guide).
- 4.2. You're deemed to have accepted the Equipment once we receive delivery confirmation. If you, for some reason, reject delivery, please be sure to notify us (directly) immediately.

5. Payment & Late Charges

Purchase payment requirements outlined in Section 1 start upon the Effective Date. All prices are listed in USD. Late charges apply if we do not receive a payment within five (5) days of its due date. Late payments will be subject to an interest charge of ten percent (10%) per year of the outstanding amount (applied ratably). Additionally, a thirty-five dollar (\$35) fee will be applied for each returned check. All modifications or extensions of agreed to terms require a five hundred and forty-nine dollar (\$549) change fee. If any payment is materially late, we reserve the right to repossess the Equipment.

6. Multiple Devices/Agreements (as/if applicable)

Many HF customers buy multiple devices. If you already have a device, or buy more devices from us in the future, you may have multiple agreements (including a license agreement to certain HF intellectual property assets). Generally, each such agreement applies to the device/Equipment that it was entered into with respect to, but – in the event that there is any discrepancy between any such multiple agreements (notably, between License Agreements) – the most recent agreement such between us shall control / apply for the respective subject matter.

7. Equipment Location

Until the Equipment has been paid for in full, it cannot be moved from original shipping location without written authorization from an HF finance leader. We retain the right to file a Uniform Commercial Code (UCC) for the Equipment covered under this Agreement (until such time as it is paid for in full).

8. No Assignment

You may not assign, sell, transfer, or sublease (rent) the Equipment to anyone or any company during the term of this Agreement. HF reserves the right to repossess the Equipment until the final payment is processed and cleared.

For clarity, the License Agreement accompanying this Agreement may not be assigned at any time, and – if you do resell your Equipment to a new owner who wishes to use Equipment for use in their business (and provide hydra/hydroderm/microderm-abrasion treatments to consumers for a fee; notably, as “HYDRAFACIAL®” treatments) – such third party will need to separately engage with us both (i) for a valid license agreement to certain HF intellectual property assets, and (ii) to establish a consumable purchasing relationship. You agree that, in the event you sell the Equipment to a third party (which may only be done if the Equipment has been paid for in full), you will notify them of their need to procure such an engagement with us. If you fail to do so and that subsequent third-party purchaser then trades in the “HYDRAFACIAL®” name without such an agreement with HF, you may face liabilities and penalties for interference with our business.

9. Consumables

Naturally, the Equipment requires consumables for use (including tips and serums). In connection with your purchase here, you are being enrolled in Seller’s business to business (B2B) consumables ordering and sales platform. Your designated HF sales representatives are available to assist you in your ordering needs, as is our sales support team. As noted throughout our agreements, proper use of the Equipment includes using your using HF consumables exclusively (and such exclusive relationship is a condition to privileges afforded to you by Seller; including (i) our “Loyalty” program (where you receive discounted prices on your purchased consumables), (ii) access to HF resources and support personnel, and (iii) your licenses to offer HYDRAFACIAL® treatments, or use “HYDRAFACIAL®” marks and/or copyright-protected marketing materials under our accompanying License Agreement). These requirements are made with both your capital investment and our investments, brand reputation, and other HYDRAFACIAL® device owners and operators in mind. Additionally, they’re needed to ensure that HF has control over the quality of services provided to the ultimate consumers of treatments under the “HYDRAFACIAL®” mark.

10. Related Agreements and Obligations

If you’re buying the Equipment for use in your business (whereby you would offer hydra/hydroderm/microderm-abrasion treatments to consumers for a fee; notably, as “HYDRAFACIALS®”), there are additional policies, and terms and conditions which apply.

For context there, The HydraFacial Company has invested enormous time, effort, and resources in promoting and marketing its products under its HYDRAFACIAL® marks family and has developed considerable consumer recognition and goodwill in these assets. With that - and with both your capital investment and our investments, brand reputation, and other HYDRAFACIAL® device owners and operators in mind - certain additional agreements or policies apply to anyone who wishes to trade in the “HYDRAFACIAL®” name and be a part of our family (enjoying trainings, developments, and product launches, all of which we sponsor). This includes:

- The License Agreement which we will execute together simultaneously with this Agreement; and

- The Minimum Advertised Purchasing Policy (MAPP) attached hereto (as may be updated from time to time). The MAPP is not part of this Agreement but a policy we require our customers to follow. This policy is provided to you with this Agreement so that you have a complete understanding of our requirements.

11. Default

The occurrence of any one of the following events shall constitute "Default":

- If you are late with purchase payment(s) outlined on Sections 1 and 5 of this Agreement;
- Failure to fully tender your existing third party equipment;
- If you become insolvent, cease to do business, enter bankruptcy, dissolve or are dissolved, or you assign your assets for the benefit of creditors or transfer or sell your assets to another party; and/or
- If you make any misrepresentations or falsely warrant your financial condition.

12. Remedies

If "Default" occurs, we have the right to do one or more of the following:

- Terminate the Agreement;
- Demand full payment for any purchase amounts not paid;
- To take possession of any or all items of the Equipment without demand, notice, or legal process, wherever they may be located. Lessee hereby waives any and all damages occasioned by such taking of possession. Any said taking of possession shall not constitute a termination of this Agreement as to any or all items of Equipment unless we expressly so notify you in writing;
- Use all legal remedies to make Edge Systems LLC whole; and/or
- Collect any deposits and/or prior payments. If deposit and/or payments do not sufficiently offset the costs, you are still responsible for paying the balance owed plus any late charges.

13. Insurance

You are responsible for maintaining property and liability insurance until the Equipment is paid in full (and "Edge Systems LLC" shall be named as an additional insured for such property insurance). HF can request proof of this insurance at any time and, if it's not provided, may charge you a fee in lieu of such insurance (which would be no less than \$150 per unit).

14. Credit Code Agreement

A Credit Code Counter will be added to Equipment. Equipment will issue a warning five (5) days in advance of any payment due date. If payment is not received within five (5) days of the payment due date, we will shut down the Equipment until your payment is made. Once an account balance with Edge Systems LLC is cleared (no longer overdue), you can call us, and we will provide a code which can then be entered by you into the Equipment enabling it to function normally again. If payment is made in advance of the warning period, we will provide you a code to enter when the warning notice appears. Upon final payment, Equipment will be enabled to permanently run.

15. Credit Application

You agree to complete an Edge Systems LLC Credit Application and allow us to make credit inquiries in connection with your financing arrangement with us.

16. Acknowledgement

By signing this Agreement, you certify and acknowledge the following:

- (a) You have read and understood the terms and conditions of the Agreement and accept them;
- (b) The person signing the Agreement on your behalf has the authority to do so; and
- (c) This Agreement may be executed by original and electronic signatures (including DocuSign or .PDF format), each of which shall be deemed to be an original.

By signing below, the undersigned parties hereby agree to all terms and conditions of this Agreement.

_____:

By:

The HydraFacial Company:

By:

Signature

Date

Signature

Date

Minimum Advertised Pricing Policy ("MAPP")

We support the advertising and promotion of our HYDRAFACIAL®, PERK®, KERAVIVE™ (and certain other service and products) by our resellers, lessors, and customers through marketing materials provided by us at no or nominal cost. This policy applies to all U.S. and Canadian resellers, lessors, and customers. We have implemented this MAPP to preserve our strong reputation for providing customers with high value products and valued after sales support. We greatly appreciate the efforts of all resellers, lessors, and customers to distribute our products and support their consumers.

The MAPP shall work under the following guidelines:

1. The following are the minimum advertised prices for various treatments performed using our equipment, and – in order to protect and support both your investment in your capital equipment and Edge Systems LLC dba The HydraFacial Company's goodwill and assets (including brand reputation, and to support the continued re-investment in our trainings, developments, and product launches, all of which we sponsor) – you are to adhere to the guidelines of the MAPP. These amounts may be adjusted or modified by us at our sole discretion at any time (all prices listed in USD):
 - (a) The MAPP for all standard HYDRAFACIAL® treatments shall be no less than one hundred and forty-nine dollars (\$149);
 - (b) The MAPP for all standard PERK® treatments shall be no less than thirty dollars (\$30) for lip, forty dollars (\$40) for eye, and fifty dollars (\$50) for face; and
 - (c) The MAPP for all standard HYDRAFACIAL KERAVIVE® treatments shall be no less than four hundred and ninety-nine dollars (\$499).
2. The MAPP applies to all advertisements of our products and treatments in any and all media, including - but not limited to - flyers, posters, coupons, mailers, inserts, newspapers, magazines, catalogs, mail order catalogs, email newsletters, email solicitations, Internet or similar electronic media, television, radio, and public signage. The MAPP is not applicable to any displayed in-store advertising that is not distributed to consumers. HYDRAFACIAL®-branded products (homecare, shirts, etc.) cannot be advertised at discounts more than twenty percent (20%) off the stated list price.
3. The inclusion in advertising of free or discounted products (whether made by us or another manufacturer) with a product covered by this MAPP would be contrary to the policy if it has the effect of discounting the advertised price of the covered product below the minimum advertised price.
4. If pricing is displayed, any strike-through or other alteration of the minimum advertised price is prohibited except when offering a discount on a consumer's first procedure. In the case of the first procedure being discounted, you are to also display a list price on the ad which shows that the price for all subsequent procedures is at least the minimum advertised price set forth in Section 1 of this MAPP.
5. You shall not advertise on discount sites (such as Groupon, Amazon Local, Living Social, or similar sites) if the advertised /offering prices is otherwise in violation of the MAPP.
6. This MAPP applies only to advertised prices and does not apply to the price at which the products and treatments are actually sold or offered for sale to an individual consumer within your retail location or over the telephone, nor to responses by you to phone calls or email queries from consumers. Our dealers and sales representatives remain free to sell these products at any prices they choose.
7. The MAPP does not establish maximum advertised prices. You may offer our products at any price in excess of the MAPP. Internet auctions may not display or have reserved bid or other acceptable prices below the minimum advertised price.
8. This MAPP does not in any way limit your ability of to advertise that you "have the lowest prices," you "will meet or beat any competitors' prices," that consumers should "call for a price," or phrases of similar import as long as the price advertised or listed for the products is not less than the minimum advertised prices.
9. Our trademarks of are the property of Edge Systems LLC and you may only use any advertising materials provided by us in a manner expressly authorized by us in writing (i.e., in our License Agreement).
10. We do not intend to do business with resellers, lessors, and customers who degrade our brand, image, products, or our community of providers (or our investments therein). Intentional or repeated failure to abide by this policy will result in all or

any of the following, at any time and in Edge Systems LLC's discretion:

- (a) loss of "Loyalty" privileges (i.e., you will no longer receive discounted consumables pricing [and will instead pay MSRP]);
- (b) termination of support and training access and access to our support personnel; and
- (c) revocation of your license to use any marks in the HYDRAFACIAL[®] family of marks (as described in our License Agreement); and/or
- (d) our discontinued sale of consumables to you.

We are not required to provide prior notice or issue warnings before taking any action under this policy and may act at any applicable time (including if breaches have persisted).

This MAPP has been established by us to help ensure the legacy of Edge Systems LLC as a top producer of advanced aesthetic technologies and products, to protect the reputation of our name and products, and to facilitate continued investment in our brand, our providers, and our communities. The MAPP is also designed to ensure that resellers, lessors, and customers have the incentive to invest resources into services for consumers.

SAMPLE

This LICENSE AGREEMENT (the "License Agreement") is made effective as of _____ (the "Effective Date") between Edge Systems LLC dba The HydraFacial Company, a California limited liability company ("Licensor" or "HF"), and _____ ("Licensee").

Recitals

- A. Licensor is the owner of (i) the registered marks and/or trademarks listed in Annex I attached hereto (which such Annex may be updated by Licensor from time to time to reflect its then current and applicable marks library) (the "Licensed Trademarks"), including, without limitation, the service marks for HYDRAFACIAL®, PERK®, and KERAVIVE® treatments, and (ii) various copyrighted marketing materials (the "HF Copyright Materials") which assist Licensor's authorized business partners in the advertising, promotion, and marketing of various HYDRAFACIAL®-branded services.
- B. Licensee is leasing or purchasing (and/or has leased or purchased) certain of HF's delivery system(s) and equipment ("HF Equipment" or the "Equipment") which Licensee wishes to utilize in Licensee's business for the delivery of skincare treatments which are advertised and/or offered as "HYDRAFACIAL®" treatments.
- C. Licensor has invested enormous time, effort, and resources in promoting and marketing its products and services under its Licensed Trademarks and HF Copyright Materials and has developed considerable consumer recognition and goodwill in such assets.

Furthermore, Licensor's testing, training, and quality control standards for treatments provided under the HYDRAFACIAL® mark rely on the exclusive use of the HF Equipment with HYDRAFACIAL® consumables (including tips and serums).

Furthermore, Licensor has invested and invests heavily in research and development, the consistency of quality, regulatory approval, and/or compliance of the HF Equipment and consumables (including tips and serums) as well as mode of treatment to situate the ultimate customers of HYDRAFACIAL®-branded services to receive safe, efficient, and consistent treatments for their skin.

- D. With all of that — and with both Licensee's capital investment and Licensor's investments, brand reputation, and other HF customers in mind — Licensor is willing to grant Licensee a limited license to use the Licensed Trademarks and HF Copyright Materials and to offer the Licensed Services (as defined below) on and subject to the terms and conditions hereof.

Agreement

Subject to the terms and conditions set forth in this License Agreement, in furtherance of the above 'Recitals' (which are incorporated herein), and for other good and valuable consideration which the undersigned parties acknowledge and accept, Licensor and Licensee agree as follows:

1. HF Resources

Licensor may, from time to time, provide Licensee with HF Copyright Materials to advertise, promote, or market services under the "HYDRAFACIAL®" mark. Such HF Copyright Materials would be distributed by HF in the ordinary course of its business and in its sole discretion (in each case) to its customer/providers in good standing. The HF Copyright Materials may contain or utilize the Licensed Trademarks.

Furthermore, subject to the conditions described below (including in Sections 2.1 and 2.3), Licensee may — from time to time — create its own marketing collateral which utilizes the Licensed Trademarks.

HF will (so long as Licensee is in good status) include Licensee in its listing of verified providers on www.hydrafacial.com.

Licensee is now eligible (and will be so long as it remains in good status) to participate in any educational, promotional, or other events offered by HF to its providers/customer from time to time in the ordinary course of HF's business and in its sole discretion (in each case) to its customer/providers in good standing.

2. Grant of Licenses

- 2.1. *Licensed Services.* Licensor hereby grants to Licensee the non-exclusive, royalty free right to state, market, and advertise that Licensee offers "HYDRAFACIAL®" treatments or services [or the like] (the "Licensed Services") **if and only if all of the below criteria are met by Licensee in each and every instance in which a Licensed Service is offered:**

- (a) Licensee uses only approved HF Equipment as the Licensed Services-delivering device(s);
- (b) Licensee uses a handpiece for such HF Equipment which is both provided by HF and specifically designed and approved for the HF Equipment;
- (c) Licensee uses only authentic HF serums/consumables which are purchased from HF or a retailer or distributor which HF has - in writing - expressly approved/authorized Licensee to purchase from for the purpose of delivering Licensed Services;
- (d) Licensee uses only authentic HF-provided tips and uses new tips for each treatment provided per the respective treatment protocols; and
- (e) The Licensed Services are provided only by a professional (i) with any and all certifications and/or licenses required by the respective jurisdiction, and (ii) who has participated in HF-approved training (whether online, under HF's HydraFacial Exchange program (HFX), with a HF Business Development Manager (BDM), or an approved HF distributor or other HF-approved training).

2.2. Licensors further hereby grants to Licensee the nonexclusive, royalty free right to reproduce and display the Hydrafacial Copyright Materials, the Licensed Trademarks, and/or the Licensed Services solely in connection with the advertising and promotion of various "HYDRAFACIAL®" treatments within the Territory (as defined below).

In addition, Licensors may grant to Licensee these same or lesser rights with respect to select trademarks for use in marketing campaigns for future products or services. Any such future license grant shall be made in a written notice from Licensors setting forth the trademarks, how they are to be used in connection with what products or services, and the duration of the respective license. With respect to these future trademarks, Licensors shall have at least the same rights of inspection, approval, and control of use as it has with respect to the Licensed Trademarks, and Licensee shall have no less than the same duties to permit inspection by Licensors and to seek approval for use as it bears with the Licensed Trademarks.

2.3. The following limitations apply:

- (a) Licensee may not use any of the Licensed Trademarks as part of its Internet domain names or as part of paid search advertisement copy.
- (b) To ensure that end-users understand that HF has control over the quality of services provided under the "HYDRAFACIAL®" mark, none of the Licensed Trademarks, Licensed Services, or HF Copyright Materials may be used by the Licensee unless Licensee solely and exclusively uses Licensors's consumables (including tips and serums) in all of its commercial operation of the HF Equipment.
- (c) Any display or reproduction of the Licensed Trademarks must include the trademark symbol (™) or registered trademark symbol (®), as they are shown in Annex I (as may be updated from time to time by Licensors), after each occurrence, and each page of the document, website, or electronic media where any of the Licensed Trademarks appears must state that the trademark "is a trademark of Edge Systems LLC."
- (d) Licensee shall make no other use of any of the current and future Licensed Trademarks without the express, prior written consent of Licensors.
- (e) Licensee may not sublicense any of the Licensed Trademarks or HF Copyright Materials.
- (f) Licensee shall not do, or cause any act to be done by others, whether during or after the term of this License Agreement, to contest, impair, or invalidate any of the Licensors's rights in the Licensed Trademarks, any registrations derived from those trademarks, the HF Copyright Materials, or any work derived from those copyrighted materials.
- (g) The license granted pursuant to this License Agreement is only granted to the Licensee. If Licensee transfers the Equipment to a third party, the third party must contact the Licensors to purchase a new license. Licensors shall not unreasonably deny the granting of such a new license.

Any breach of the provisions of this Section 2 shall immediately result in termination of the licenses provided hereunder.

HF is not required to provide prior notice or issue warnings before taking any action under this License Agreement and may act at any applicable time.

3. Permitted Uses

Licensor retains the right to approve the form and format in which the Licensee shall display and reproduce the Licensed Trademarks, and HF Copyright Materials. Specifically, Licensee shall only display and reproduce the Licensed Trademarks and HF Copyright Materials in the form and format approved by the Licensor, and within the Territory. In order to protect and preserve the Licensor's rights in the Licensed Trademarks, Licensee agrees that: (a) prior to the first use by the Licensee of any of the Licensed Trademarks, Licensee shall obtain Licensor's approval for such use; (b) any subsequent material alteration or material modification in Licensee's use of any of the Licensed Trademarks shall be approved in advance by the Licensor; and (c) Licensor reserves the right, upon fourteen (14) days' advance notice, to inspect and approve or disapprove Licensee's then current and past uses of the Licensed Trademarks to confirm that they are used solely in connection with the services for which the respective trademark has been registered by Licensor, and in the form and format previously approved by the Licensor.

4. Purchase of Consumables (Tips and Serums)

In recognition (a) that the HF Equipment and related materials and attachments only function properly and effectively with the use of Licensor's consumables (tips and serums), and (b) of Licensor's bona fide requirements that any treatments provided under its marks are genuine (including with only its offered products), Licensee agrees to purchase authentic consumables used in or with the HF Equipment (including tips and serums) solely and exclusively from Licensor or its authorized retailers or distributors in good standing. Any unauthorized use of solutions or serums other than Licensor's will void the warranty and will result in an automatic termination of this License Agreement. Additionally, you agree not to reverse-engineer any of our consumables (serums) or devices.

5. Social Media

If Licensee posts images on social media of its customers and/or their treatments (e.g., "before and after" pictures), Licensee shall have first procured the consent of such consumer for such social media posting and for the rights to allow Licensor to use such images (and likeness) in its marketing campaigns, without restriction (so long as the customer is not specifically identified by name). Licensee acknowledges that Licensor may from time to time utilize such Licensee marketing materials, and hereby grants Licensor the irrevocable right, without any charges or fees due at any time or further consent required, to utilize such marketing content for the good of Licensor's brand. Such rights shall survive any termination of this License Agreement.

6. Training & Competency Obligations

In connection with the Licensee's lease or purchase of the Equipment, the Licensee shall be trained initially by the Licensor or the Licensor's authorized distributor (or where applicable, by both), in a manner deemed appropriate by the Licensor, in the proper operation and maintenance of the Equipment, at no cost to the Licensee. Further, should new or improved treatments or maintenance procedures be developed, the Licensee shall be entitled to request training in those procedures, which training shall be provided by the Licensor or the Licensor's authorized distributor (or where applicable, by both), at no cost to the Licensee. Thereafter, and subject to the terms of any warranties offered by the Licensor, it shall be the sole responsibility of the Licensee to maintain the Licensee's competency to operate and maintain the Equipment, and to keep Equipment in good working order in accordance with the Licensor's standards (including the User Guide). The Licensee may request subsequent refresher training and initial training for new employees; however, at the discretion of the Licensor, the Licensee may be required to reimburse the Licensor or the Licensor's authorized distributor (or where applicable, both) for the cost of such subsequent refresher training or initial training of new employees.

Should it come to the attention of the Licensor or the Licensor's authorized distributor that the Licensee has failed to properly operate or maintain the Equipment, the Licensor, at its discretion, may require the Licensee to undergo refresher training. At the Licensor's discretion, the Licensee may be required to reimburse the Licensor or the Licensor's authorized distributor (or both) for the cost of this refresher training. Further, should it come to the attention of the Licensor or the Licensor's authorized distributor that the Licensee has repeatedly failed to properly operate or maintain the HF Equipment, or that the Licensee has caused injury to anyone in the course of use or maintenance of the HF Equipment, or that the Licensee has either failed to or refused to undergo refresher training, then at the Licensor's discretion, this license may be immediately terminated upon dispatch of a notice pursuant to the provisions of Section 13 of this License Agreement.

7. Improved Treatments

If Licensor develops new or improved treatments utilizing Licensor's equipment and devices (including the HYDRAFACIAL[®] system or the PERK[®] system), Licensee shall be permitted to use these new or improved treatments as long as Licensee complies with the terms of this License Agreement.

8. Representations & Warranties

Licensor represents and warrants that: (a) it has full power and authority to enter into this License Agreement and to perform all of its obligations and grant the rights it is granting hereunder without violating the legal or equitable rights of any third party; (b) there are no agreements or arrangements, whether written or oral, that would be breached by Licensor as a result of its execution or performance of this License Agreement; and (c) the Licensed Trademarks do not, to the knowledge of Licensor, infringe on any third party's trademark rights or violate any applicable law or regulation. Licensee represents and warrants that: (i) it has full power and authority to enter into this License Agreement and to perform all of its obligations hereunder without violating the legal or equitable rights of any third party; and (ii) there are no agreements or arrangements, whether written or oral, that would be breached by Licensee as a result of its execution or performance of this License Agreement.

9. Limitation of Warranties

Licensor shall not be deemed to make, or to have made, any warranties concerning the Equipment or the Licensed Trademarks, except as expressly stated in this License Agreement or otherwise in writing and identified as warranties.

10. Term of Agreement

Subject to the provisions of this License Agreement with regard to default or breach, this License Agreement is effective as of the Effective Date first stated above, and unless terminated sooner, will continue in force for a period of twelve (12) full calendar months, on condition that the Licensee uses the Equipment, Licensor's serum solutions and consumables, and uses the Licensed Trademarks as required by this License Agreement. This License Agreement will automatically renew for successive twelve (12) month terms on condition that the Licensee is in good standing with Licensor and continues to adhere to the license conditions and limitations provided in Section 2 above. Furthermore, either party to this License Agreement may terminate it with or without cause upon sending written notice to the other party two (2) full calendar months prior to the termination date.

11. Licensee's Territory

The Licensee's rights under this License Agreement can be exercised only with respect to treatments/services which are performed solely in the United States or Canada (respectively/as appropriate based on the country we ship your Equipment to); provided, however, that Licensee's promotions which utilize the Licensed Trademarks shall clearly note where the corresponding treatments are actually available (i.e., in [a] specific town[s]/city[ies]) (the "Territory"). Licensee can market such treatments/services on a single web page / internet site and/or on social media channels, in each case, so long as they are owned and operated by Licensee and are the specific sites / pages used by Licensee in the ordinary course of its business (and are under Licensee's trade name).

The Licensor retains the right to have Licensee remove social media listings under Licensee's control at any time and at its sole discretion. It is agreed by Licensee that the duration of social media listing does not give Licensee any rights to such listing. If Licensee relocates the Equipment to another location (outside of the Territory), Licensee must promptly contact Licensor to seek a new license with respect to such location.

12. Default or Breach

If Licensee fails to perform or observe any term, covenant or undertaking in this License Agreement to be performed or observed by Licensee and such default continues for a period of thirty (30) days after Licensor gives Licensee notice of such failure to perform, Licensor may terminate this License Agreement, and such termination will be without prejudice to any other rights or claims Licensor may have against Licensee. Because Licensee's breach of this License Agreement may cause Licensor irreparable harm for which

money is inadequate compensation, Licensor will be entitled to injunctive relief to enforce this License Agreement, in addition to damages and other available remedies.

13. Notices

Any notice required or permitted under this License Agreement will be considered to be given or transmitted when sent by certified mail, postage prepaid, addressed to the party for whom it is intended at its address set forth on the signature page to this License Agreement or to such other address as it may have furnished to the other party in accordance with this Section 13 at least ten (10) days prior to the date on which the required or permitted notice was sent; by facsimile, or electronic mail, which notice will be effective on electronic confirmation of receipt; or by courier or messenger service, which notice will be effective on receipt by recipient as indicated on the carrier's receipt.

14. Amendments

This License Agreement may be supplemented, amended or modified from time to time by (a) the Licensor with respect to new trademarks, but only by written notice from Licensor to Licensee, or (b) by a writing signed by both parties.

15. Integration

This License Agreement supersedes all prior and contemporaneous understandings or agreements of the parties with respect to the License. No party has been induced to enter into this License Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this License Agreement.

16. No Assignment; Binding Effect

This License Agreement may not be assigned by Licensee without Licensor's prior, written consent. (Of note, in the event that Licensee sells any HF Equipment to a third party, this License Agreement may *not* be included in such transaction (and such third party purchaser would need to separately engage with Licensor should it wish to offer "HYDRAFACIAL®" treatments, etc.)).

This License Agreement will inure to the benefit of and be binding on the heirs and successors of each of Licensor and Licensee and on any assigns of Licensor.

17. Waiver

No waiver of a breach of this License Agreement will be effective unless it is in writing and signed by the party waiving the breach. No waiver of any breach will be deemed a waiver of any other breach, whether similar or not, nor will any waiver constitute a continuing waiver unless the writing so specifies.

18. Governing Law

This License Agreement and any dispute arising from the relationship between the parties to this License Agreement will be governed and determined by the laws of the State of New York without giving effect to conflict of laws principles thereof. Jurisdiction over any dispute that arises under or relates to this License Agreement (whether contract, tort or both) will be set exclusively in a court of competent jurisdiction in New York, New York, and the parties expressly waive any right they may otherwise have to cause any such action or proceeding to be brought or tried elsewhere.

19. Attorney's Fees

In any litigation or other proceeding by which any party either seeks to enforce its rights under this License Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this License Agreement, the prevailing party shall be awarded reasonable attorneys' fees, together with any costs and expenses, to resolve the dispute and to enforce the final judgment.

20. Severability

Any provision of this License Agreement that in anyway contravenes the law of any state in which this License Agreement is effective will, in that state, to the extent the law is contravened, be considered separable and inapplicable and will not affect any other provision or provisions of this License Agreement, unless an essential purpose of this License Agreement would be defeated by the loss of the illegal, unenforceable or invalid provision.

21. Execution

This License Agreement may be executed by original and/or electronic signatures (including DocuSign or .PDF format) in counterparts.

By signing below, the undersigned parties hereby agree to all terms and conditions of this License Agreement.

LICENSEE:

Address:

By:
Title:

Signature

Date

LICENSOR:

Address:

By:
Title:

Signature

Date

Annex I

REGISTERED TRADEMARKS

- ACTIV-4[®]
- BETA-HD[®]
- ANTIOX-6[®]
- DERMABUILDER[®]
- BRITENOL[®]
- EDGE FOR LIFE[®]
- FACELIFE[®]
- GLIMPSE[®]
- GLOWVOLUTION[®]
- HYDRAFACIAL[®]
- HYDRAFACIAL MD[®]
- HYDRAFACIAL MD CTGF[®]
- HYDROPEEL[®]
- HYDRAFACIAL KERAVIVE[®]
- INVERTED (STYLIZED) I[®]
- MY LIFE.MY TIME.MY SKIN[®]
- PERK[®]
- PERK HYBRID SKIN SYSTEM[®]
- PERK CLEANSER WITH BENEFITS[®]
- SKIN WELLNESS FOR LIFE[®]
- SMARTFACIAL[®]
- SOFT AS A BABY'S[®]
- THE EDGE SYSTEM[®]
- VORTEX-FUSION[®]

COMMON LAW TRADEMARKS

- ACTIV[™] CLEANSER
- ANTIOX+ WITH EVEN TONE AND FIRING[™]
- ALLEGRO[™]
- DAILY ESSENTIALS[™]
- ELITE[™]
- ELITE WITH PERK[™] SWITCH
- HYDRAFACIALIST[™]
- GLYSAL[™]
- PULSE-FUSION[™]
- PUR MOIST[™]
- RINSEAWAY[™]
- SKIN PERK[™]
- TOWER[™]

**EXHIBIT H
LIST OF OUTLETS**

FRANCHISEES

Name	Franchised Location Address	City	State	Zip Code	Phone
ALIYY LLC	191 Alps Rd. Suite 12	Athens	GA	30606	706-543-0555
LongHorn Investments	3701 Guadalupe Suite 105	Austin	TX	78705	512-454-2639
POWELL VENTURES	2949 N. Broadway	Chicago	IL	60657	773-799-8228
BASCO INC	1729 Briargate Boulevard	Colorado Springs	CO	80920	719-548-4991
PREMIER ENDOVASCULAR	5542 S Flamingo Road	Cooper City	FL	33330	954-999-0751
SIMPLY HAIRFREE FRANCHISING, LLC*	8345 Crystal View Road Suite 2014	Eden Prairie	MN	55344	952-943-1000
MakeltRaine	2695 Patterson Road, #Unit 4	Grand Junction	CO	81506	970-986-8660
WILSHIRE GROUP LLC DBA	1144 E. Paris Ave SE	Grand Rapids	MI	49546	616-466-7029
SKINDEEP BEAUTY MEDSPA	5298 Sunbeam Rd. Suite 8	Jacksonville	FL	32257	904-862-6950
MILLS RESOURCES INC	6214 Hwy 6	Missouri City	TX	77459	281-778-2603
INDEX LLC	14513 West Maple Road Suite 104	Omaha	NE	68116	402-934-2639
JCTN HOLDINGS	17 Lumber Road Suite 4	Roslyn	NY	11576	516-626-2639
KLR BEAUTY	120 Everest Lane #3	St. Johns	FL	32259	904-718-3264
SIMPLY HAIRFREE FRANCHISING, LLC*	42 W. 72 nd St.	New York	NY	10023	212-724-4272
SIMPLY HAIRFREE FRANCHISING, LLC*	7248 Perkins Rd. Suite G	Baton Rouge	LA	70808	225-769-0081
ALIYY 2 LLC	900 Duluth Hwy, Suite 600	Lawrenceville	GA	30043	678-578-5020

* These locations are owned by our affiliate.

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF DECEMBER 31, 2021, AND
FRANCHISEES WHO HAVE NOT COMMUNICATED WITH US WITHIN THE 10-WEEK
PERIOD BEFORE THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT**

Name	City	State	Phone / Contact Information
KNIEVEL HOLDINGS LLC	Bend	OR	541-241-2443
CattLeya, LLC	Eden Prairie	MN	fredriksborjesson@hotmail.com

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	May 2, 2022
Michigan	April 11, 2022
Minnesota	July 6, 2022
New York	Pending
North Dakota	April 22, 2022
South Dakota	April 8, 2022
Virginia	June 17, 2022
Wisconsin	April 8, 2022

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.

RECEIPT

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

If Simply Hairfree Franchising II, LLC d/b/a BodyBrite (“SHF II”) offers you a franchise, SHF II must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, SHF II or its affiliates in connection with the proposed franchise sale. If SHF II offers you a franchise in New York, we must provide you this Disclosure Document at the earlier 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. If SHF II does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit C.

The franchisor is Simply Hairfree Franchising II, LLC d/b/a BodyBrite, located at 5108 West 74th St., #390425, Minneapolis, MN 55439. SHF II’s telephone number is 612.888.9532.

Issuance Date: April 8, 2022

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: Christopher Hardy, Isabel Rute da Silva Boal, Kathy Schmitz, and Max Schmitz, Simply Hairfree Franchising II, LLC d/b/a BodyBrite, 5108 West 74th St., #390425, Minneapolis, MN 55439, is 612.888.9532; and

SHF II authorizes the respective state agencies identified on Exhibit C to receive service of process for SHF II in the particular state.

I have received a disclosure document with an Issuance Date of April 8, 2022, that included the following Exhibits:

Exhibit A	Franchise Agreement (including Guaranty and Assumption of Obligations)
Exhibit B	Financial Statements
Exhibit C	List of State Administrators; Agents for Service of Process
Exhibit D	State-Specific Addenda
Exhibit E	Disclosure Acknowledgment Agreement
Exhibit F	Operations Manual Table of Contents
Exhibit G-1	Equipment Finance Agreement
Exhibit G-2	Equipment Purchase Agreement
Exhibit H	List of Outlets

Indicate the date on which you received this Disclosure Document, sign, indicate the date you signed this Receipt, and promptly return one completed copy of the Receipt to Simply Hairfree Franchising II, LLC d/b/a BodyBrite, at 5108 West 74th St., #390425, Minneapolis, MN 55439 or via email to chris@BodyBrite.com. Keep the second copy of the Receipt for your records.

Date Disclosure Document Received

Date Receipt Signed

Prospective Franchisee’s Signature

Print Name

Address: _____

RECEIPT

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

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Date Disclosure Document Received

Date Receipt Signed

Prospective Franchisee’s Signature

Print Name

Address: _____
