

FRANCHISE DISCLOSURE DOCUMENT



BYou Franchising LLC
a Florida limited liability company
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BYou Franchising LLC (“**BYou**”) offers franchises for businesses (each, a “**BYou Clinic**”) that operate a medical spa that providing laser hair removal, cosmetic injections, skin treatments, hair growth procedures, and other minimally to non-invasive cosmetic processes, and sell related products and services using BYou’s proprietary methodology under certain trademarks (the “**Trademarks**”).

The total investment necessary to begin operation of a BYou Clinic ranges from \$489,700.00 to \$917,000.00. This includes \$60,000.00 to \$420,000.00 that must be paid to the franchisor. The total investment necessary to begin operation under a three- to five-unit Multi-Unit Development Agreement (including the first unit) is \$581,700.00 to \$1,099,000.00. This includes \$420,000.00 to \$600,000.00 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of a Franchise Disclosure Document in different formats, contact Irena Azaraev, 242 Applewood Crescent, Suite 4, Concord, Ontario L4K 4E5, Canada, (800) 355-3308.

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

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at (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 26, 2025.

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 Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Exhibit F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only BYou Clinic 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 BYou Clinic franchisee?	Exhibits E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Franchise 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 A.

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in New York. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, and litigate with the franchisor in New York than in your own state.

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.

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- B. BYou Franchising LLC Franchise Agreement
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- F. Financial Statements
- G. State Law Addenda and Amendments
- H. Receipt

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

To simplify the language in this Franchise Disclosure Document, “**BYou**,” “**us**,” “**our**,” or “**we**” means BYou Franchising LLC, the franchisor. “**You**,” “**your**,” or “**Franchisee**” means the person, corporation, limited liability company, or partnership who buys the franchise. If the franchisee will be a corporation, limited liability company, or partnership, “**you**,” “**your**,” and “**Franchisee**” will also mean the owners, shareholders, members or partners of the corporation, limited liability company or partnership and any Managing Party (as defined in Item 15).

The Franchisor and Any Parents, Predecessors, and Affiliates

We are a Florida limited liability company organized on October 19, 2021. We conduct business under our corporate name and the Trademarks (see Item 13). Our principal business address is 242 Applewood Crescent, Suite 4, Concord, Ontario L4K 4E5, Canada. We have no parent or predecessor companies. We began offering franchises on November 9, 2021. We do not offer franchises in any other line of business, but we may do so in the future. Our registered agent for service of process in Florida is Steven Zakharyayev and our address for service of process in Florida is 2719 Hollywood Boulevard, Hollywood, Florida 33020. Our agents for service of process for other states are listed in Exhibit A. We have five affiliates.

Our affiliate BYou Laser, LLC (“**BYou NY**”) is a New York limited liability company organized on February 14, 2019. BYou NY maintains a principal business address at 285 Flatbush Avenue, Brooklyn, New York 11217. BYou NY operates two company-owned BYou Clinics. BYou NY has not in the past and does not now offer franchises in any line of business.

Our affiliate BYou IP Holdings LLC (“**BYou IP**”) is a Florida limited liability company organized on October 19, 2021. BYou IP maintains a principal business address at 285 Flatbush Avenue, Brooklyn, New York 11217. BYou IP owns our intellectual property and licenses it to us. BYou IP has not in the past and does not now offer franchises in any line of business.

Our affiliate BYou Academy, LLC (“**BYou Academy**”) is a Florida limited liability company organized on August 11, 2023. BYou Academy maintains a principal business address at 285 Flatbush Avenue, Brooklyn, New York 11217. BYou Academy conducts training programs on our behalf. BYou Academy has not in the past and does not now offer franchises in any line of business.

Our affiliate Canada MedLaser Franchising Inc. (“**Canada MedLaser**”) is an Ontario, Canada corporation incorporated on April 30, 2019. Canada MedLaser maintains a principal business address at 242 Applewood Crescent, Suite 4, Concord, Ontario L4K 4E5, Canada. Canada MedLaser offers franchises similar to BYou franchises under the tradename “Canada MedLaser™” in Canada. Canada MedLaser currently has eleven locations. Canada MedLaser franchises do not use the Trademarks.

Our affiliate Viola Medical Technologies Inc. (“**Viola**”) is a Canadian corporation incorporated on August 5, 2017. Viola maintains a principal business address at 242 Applewood Crescent, Suite 4, Concord, Ontario L4K 4E5, Canada. Oleg Cheskis, our President, has been the Chief Executive Officer of Viola since its incorporation. Viola supplies laser and other medical devices to our franchisees and Canada MedLaser franchisees. Viola has not in the past and does not now offer franchises in any line of business.

The Franchise Offered

You will establish and operate a medical spa that provides laser hair removal, body contouring, cosmetic injections, skin treatments, hair growth procedures, and other minimally to non-invasive cosmetic processes, and sells related products and services (collectively, the “**Products and Services**”). We will grant you a license to use the Trademarks in the operation of your BYou Clinic. The Trademarks include, without limitation, the distinctive trade dress used to identify a BYou Clinic and our service marks as they currently exist or may be modified in the future. We will provide you with our proprietary operations manual and other written materials or directions (collectively, the “**Operations Manual**”) for the operation of your BYou Clinic. You will sign a BYou Franchising LLC Franchise Agreement (a “**Franchise Agreement**”) and operate your BYou Clinic in accordance with the terms of your Franchise Agreement and the Operations Manual. The current form of Franchise Agreement is attached to this Franchise Disclosure Document as Exhibit B.

Your Franchise Agreement will grant you a defined geographic territory (a “**Territory**”). If the physical site of your BYou Clinic (your “**Clinic Site**”) is not known or approved as of the effective date of your Franchise Agreement, you will propose a Clinic Site that meets our site selection criteria for our approval. Once we have approved your proposed Clinic Site, we will designate your Clinic Site and your Territory in your Franchise Agreement by providing you with written notice within 30 days from the date we provide approval. If we do not designate the Territory in your Franchise Agreement within 30 days of our approval of your Clinic Site, your Territory will be a geographic area defined as a circle with a radius of five miles from your Clinic Site. You will establish and operate your BYou Clinic solely from your Clinic Site. During the term of your Franchise Agreement, as long as you are not in default of your Franchise Agreement, we will not directly or indirectly establish or operate, nor grant a license or right to any other person to establish or operate, any other franchised business identified with the Trademarks inside of your Territory except as otherwise provided in your Franchise Agreement.

If you sign a BYou Franchising LLC, LLC Multi-Unit Development Agreement (a “**Development Agreement**”), you will develop multiple BYou Clinics (each, a “**Development Clinic**”) on an agreed-upon schedule in a specific geographic area (a “**Development Territory**”). The current form of Development Agreement is attached as Exhibit C. You will sign our then-current form of Franchise Agreement for each Development Clinic, which form of Franchise Agreement may be different from the form of Franchise Agreement attached as Exhibit B.

Some components of the Products and Services are considered the practice of medicine. You may not offer medical products and services unless you are properly licensed to do so under applicable law. If permitted by applicable law, you or one of your owners may serve as the person who will supervise the medical products and services being offered by your BYou Clinic (your “**Medical Director**”). Alternatively, you may hire or otherwise engage the services of a third party Medical Director to perform this function. Generally, your Medical Director will need to be readily available via telephone or other electronic means, be able to be physically present at the Clinic Site as necessary, and make supervisory evaluative visits on a weekly or monthly basis (in some states). Depending on the state in which your Clinic Site is located, your Medical Director may need to dedicate substantial time to the supervision of your BYou Clinic. Your Medical Director need not directly provide any medical services at your BYou Clinic depending on applicable law.

We have developed a distinct, proprietary system for the operation of a BYou Clinic (the “**System**”). Distinctive characteristics of the System include, without limitation, the Products and Services, the Trademarks, the Operations Manual, and all of our other proprietary information and processes (see Item 14). You will operate your BYou Clinic as an independent business using the

System. Other BYou franchisees may operate under different forms of agreements and our obligations and rights with respect to our other franchisees may differ materially in certain circumstances.

Market and Competition

The target market for BYou Clinic clients is the general public. The market for the Products and Services is well developed and highly competitive. BYou Clinics compete with other businesses within the medical aesthetics and skin care industry that offer products and services similar to the Products and Services including, without limitation, national chains, medical clinics, wellness spas, cosmetic physicians, and other businesses that may be independent or franchised operations.

Laws and Regulations

You must research and comply with all federal, state, and local laws and regulations that apply to the operation of your BYou Clinic. You will secure and maintain in force all required licenses, permits, and certificates relating to the operation of your BYou Clinic.

Every BYou Clinic must comply with all applicable federal, state, county, and municipal building codes, handicap access codes, and laws restricting smoking in public places, the public posting of notices regarding health hazards, fire safety, and general emergency preparedness, rules regarding the proper use, storage, and disposal of hazardous waste and materials, and other building, fire, and health standards. You must operate your BYou Clinic in full compliance with all applicable workplace laws, ordinances, and regulations, including governmental regulations relating to occupational hazards, health, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, discrimination, employment, sexual harassment, worker's compensation, unemployment insurance, and the withholding and payment of federal, state, and local income taxes, social security taxes, and sales and use taxes.

In some states, your BYou Clinic may be required to comply with specific laws regulating cosmetologists, estheticians, the provision of facial care services, or wellness spas. There may also be local agencies that regulate the provision of laser and facial care services in your area or other procedures that are deemed to be medical in nature that require certification from, licensing by, or registration with such agencies. In some states, laser and facial care services may only be administered by or under the supervision of a licensed healthcare professional.

Your Medical Director must be a licensed healthcare professional under the laws of the state in which your Clinic Site is located who meets the applicable legal requirements of the state to serve as your Medical Director.

Some states have laws regulating the advertising and trade names you may use. You are strictly prohibited from publishing any advertising, testimonials, or claims or using any trade name without complying with all applicable laws and obtaining our prior written approval.

Numerous federal and state "anti-kickback" regulations (including Medicare regulations) prohibit the receipt of compensation or fee-splitting in exchange for referring patients to licensed health care providers. The federal "Stark Law" and similar state laws may prohibit you from filing a claim with Medicare or any other governmental or third party payor if you or your BYou Clinic has a financial relationship with a physician (or an immediate family member of a physician) and that physician refers a patient to you or your BYou Clinic for medical services. Accordingly, you will need to structure your compensation arrangements with your licensed medical professionals carefully to meet the statutory safe harbors or exceptions under these federal and state fraud and abuse laws. Compensation arrangements

should be based on the fair market value of the *bona fide* medical services that are provided and not based on the volume or value of referrals between you and any licensed medical professional. Violations of federal or state fraud and abuse laws can result in serious criminal and civil penalties.

Various federal and state laws regulate the privacy and security of patient healthcare information. For example, under the federal Health Insurance Portability and Accountability Act (“**HIPAA**”) and the Health Information Technology for Economic and Clinical Health Act (“**HITECH**”), healthcare professionals have certain legal obligations to keep patient healthcare information confidential and must disclose that information to patients and third parties when requests are properly submitted. In addition, you must ensure the privacy and security of patient healthcare information you share with any “business associate” as defined under HITECH, such as service providers, attorneys, or third party billing companies. HITECH requires that any practice subject to federal law must have a HIPAA compliance plan addressing the policies and procedures for security and privacy of patient health information. Many states also have their own laws regulating the privacy and security of patient healthcare information and these laws may impose even greater restrictions and obligations on your business regarding the privacy and security of patient healthcare information.

There may be other local, state, or federal laws or regulations that your BYou Clinic must comply with. We strongly advise you to investigate these laws before buying this franchise.

ITEM 2 **BUSINESS EXPERIENCE**

Chief Executive Officer and Manager: Irena Azaraev

Ms. Azaraev has been our Chief Executive Officer and Manager since October, 2021. She has been the Chief Executive Officer and Manager of BYou IP since October, 2021. She has been the Chief Executive Officer and Manager of BYou NY since February, 2019. All of these positions are located in New York, New York.

President and Manager: Oleg Cheskis

Mr. Cheskis has been our President and Manager since October, 2021. He has been the Chief Operating Officer of Canada MedLaser since April, 2019. He has been the Chief Executive Officer of Viola since August, 2017. All of these positions are located in Toronto, Canada.

Director of Marketing: Marc E. Then

Mr. Then has been our Director of Marketing since December, 2022. He was the Social Media Manager for United Wholesale Mortgage, LLC in Levittown, New York from March, 2022, to September, 2022. He was the Marketing Manager of PubWorX Services, LLC in New York, New York from September, 2019, to August, 2020.

Operations Manager: Kiana Payne

Ms. Payne has been our Operations Manager since January, 2024, and was our Call Center Operations Manager from December, 2021, to July, 2023. She was an Assistant Manager of Skin Laundry Holdings, LLC in New York, New York from August, 2023, to December, 2023. She was the Lead Reservations for The ONE Group, LLC in New York, New York from August, 2018, to June, 2020.

Training Specialist and Medical Aesthetician: Ramnit Bloch

Ms. Bloch has been our Training Specialist and Medical Aesthetician since February, 2021. She has been a Business Analyst of Bihodi from September, 2017, to the present. Both of these positions are located in New York, New York.

ITEM 3 **LITIGATION**

No litigation is required to be disclosed in this Item 3.

ITEM 4 **BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item 4.

ITEM 5 **INITIAL FEES**

Initial Franchise Fee

You will pay us a non-refundable \$45,000.00 initial franchise fee for the right to operate your BYou Clinic (the “**Initial Franchise Fee**”) when you sign your Franchise Agreement. The Initial Franchise Fee is fully earned upon receipt.

Initial Training Fee

You will pay us a non-refundable \$15,000.00 initial training fee for our initial training program (the “**Initial Training Fee**”) when you sign your Franchise Agreement. The Initial Training Fee is fully earned upon receipt.

Development Fee

If you sign a Development Agreement, you will pay us a fee equal to the sum of the Initial Franchise Fee for your first Development Clinic, the Initial Training Fee for your first Development Clinic, and \$45,000.00 for each additional Development Clinic on your Development Schedule after your first Development Clinic (the “**Development Fee**”). You will pay the Development Fee in lieu of the Initial Franchise Fees and Training Fees you would otherwise pay for the BYou Clinic and Development Clinics you develop pursuant to your Development Agreement. The Development Fee is uniform, fully earned upon receipt, and non-refundable.

For illustrative purposes, if you agree to develop three Development Clinics, you will pay us \$45,000.00 for the Initial Franchise Fee for your first Development Clinic, \$15,000.00 for the Initial Training Fee for your first Development Clinic, \$45,000.00 for the combined Initial Franchise Fee and Training Fee for your second Development Clinic, and \$45,000.00 for the combined Initial Franchise Fee and Initial Training Fee for your third Development Clinic for a total \$150,000.00 Development Fee. If you agree to develop five Development Clinics, you will pay us \$45,000.00 for the Initial Franchise Fee for your first Development Clinic, \$15,000.00 for the Initial Training Fee for your first Development Clinic, \$45,000.00 for the combined Initial Franchise Fee and Initial Training Fee for your third Development Clinic, \$45,000.00 for the combined Initial Franchise Fee and Initial Training Fee for your

fourth Development Clinic, and \$45,000.00 for the combined Initial Franchise Fee and Initial Training Fee for your fifth Development Clinic \$45,000.00 for a total \$240,000.00 Development Fee.

ITEM 6 OTHER FEES

Type of Fee¹	Amount	Date Due	Remarks
Royalty Fee	The greater of 7% of Gross Revenues ² or \$500.00 (the “ Minimum Royalty Fee ”).	Biweekly on the Thursday of every other week for the two preceding weeks.	Royalty fee payments are based on your Gross Revenues from the preceding two weeks.
Marketing Fund ³ Fee	The greater of up to 3% of Gross Revenues or a minimum monthly payment.	Biweekly on the Thursday of every other week for the two preceding weeks.	We do not currently require Marketing Fund fee payments, but we may do so in the future. Marketing Fund fee payments will be based on your Gross Revenues from the preceding calendar month or a minimum monthly payment. We may increase Marketing Fund fee payments to more than 3% of your Gross Revenues if a majority of franchisees and company-owned units vote to increase the Marketing Fund fee payments.
Local Marketing Fee	2% of Gross Revenues.	As arranged.	You must spend at least 2% of your Gross Revenues each month on local marketing efforts.
Advertising Cooperative Fee ⁴	Currently none.	As arranged.	No advertising cooperative fee payments are currently required, but they may be required in the future.
Medical Director Fee	As arranged.	As arranged.	This fee is payable to your Medical Director if you retain a Medical Director to provide services on a contractual basis. You will obtain our prior approval of any Medical Director you engage.
Call Center Fee	Our then-current fee.	Monthly as incurred.	Our current call center fee is \$2,000.00 per month plus an 8% commission on the Gross Revenues generated from clients obtained from the call center.
Lead Generation Fee ⁵	\$3,000.00 to \$6,000.00.	As incurred.	This fee is payable to third parties for lead generation services. We have no control over the fees charged by these third parties and the fees may increase. We do not guarantee any minimum number of leads.

Type of Fee ¹	Amount	Date Due	Remarks
Technology Fee	\$980.00.	Seven days after the beginning of each month.	Technology fee payments will be used to defray expenses we incur to offer you various technology services and products including, without limitation, providing you with email accounts and access to our CRM software. This fee may be increased in our discretion.
Insufficient Funds Fee	\$50.00	As incurred.	Payable if your electronic funds payment is rejected for insufficient funds.
Conference Fee	Our then-current fee plus associated expenses.	As incurred.	If we conduct a conference for the benefit of the System, we may charge a fee. You will attend any conference we conduct and pay any fee we charge plus all associated expenses including, without limitation, accommodation costs, salary costs, transportation costs, and food costs.
Local Marketing Deficiency Fee	The amount of any deficiency plus 15%.	As incurred.	This fee is payable to us if you do not meet your minimum local marketing expenditures. Any amounts we collect in connection with your deficiency will be contributed to the Marketing Fund if one exists at the time of collection.
Additional Training Fee	Our then-current fee plus expenses.	As incurred.	If you or any of your personnel request or are required to attend remedial or supplemental training, you will pay our then-current fee for such training which is currently \$500.00 per attendee per day. You will pay all associated expenses for such remedial or supplemental training for your attendees including, without limitation, accommodation costs, salary costs, transportation costs, and food costs.
Computer Hardware and Software Fee	Associated expenses.	As incurred.	You will purchase all computer hardware and software we require from us or our designated suppliers. You will pay such amounts to us or third parties as are reasonably required to maintain your computer systems.

Type of Fee ¹	Amount	Date Due	Remarks
Clinic Site Rental Fee	As determined by your lease.	Monthly.	You will enter into a lease directly with your landlord with monthly rental payments you negotiate. We do not negotiate on your behalf.
Supervisory Fee	The lesser of 20% of the total construction cost or \$20,000.	Upon demand.	The supervisory fee is payable for the management and supervisory services we provide in connection with the construction of your Clinic Site if you do not use our designated suppliers.
System Change Fee	Associated expenses.	As incurred.	You will pay all expenses incurred in connection with complying with our modifications to the System including, without limitation, changes to our approved suppliers, trade dress, services, products, equipment, furniture, and fixtures.
Operations Manual Loss Fee	\$500.00.	As incurred.	The Operations Manual loss fee is payable for any hard copy of the Operations Manual that is lost or stolen.
Management Fee	Our fee plus associated expenses.	As incurred.	If you are in default of your Franchise Agreement and we elect to manage your BYou Clinic on your behalf, you will pay us a fee for our services that we reasonably determine until your default is cured. You will pay all associated expenses for our management personnel including, without limitation, accommodation costs, salary costs, transportation costs, and food costs.
Regulatory Compliance Fee	Determined by applicable agencies.	As incurred.	You will pay any expenses associated with regulatory compliance.
Late Submission Fee	\$300.00.	As incurred.	Payable if any report required by your Franchise Agreement is not provided to us in a timely manner.
Transfer Fee	\$12,500.00 plus associated expenses.	The earlier of our approval of your transfer application or the date your transferee attends our training program.	You must satisfy all required conditions to obtain our approval of your transfer. You will pay our associated expenses incurred in connection with your transfer including, without limitation, expenses incurred to conduct a training program for your transferee and our legal costs.

Type of Fee ¹	Amount	Date Due	Remarks
Renewal Fee	\$10,000.00 plus associated expenses.	When you sign your renewal Franchise Agreement.	You must satisfy all required conditions to renew your Franchise Agreement including, without limitation, executing our then-current form of Franchise Agreement. You will pay our associated expenses incurred in connection with your renewal including, without limitation, our legal costs.
Relocation Fee	\$5,000.00 plus associated expenses.	When you relocate your Clinic Site.	Relocation fees are payable if you relocate your Clinic Site with your Territory. You may not relocate your Clinic Site without our prior written approval. You will pay our associated expenses incurred in connection with your relocation including, without limitation, our legal costs.
Audit Fee	Cost of audit plus any deficiency.	Upon demand.	Audit fees are payable if we audit the operations of your BYou Clinic and determine that you have understated amounts due to us by more than 2% or if your records are not compliant with our requirements. In addition to your payment of any audit fee, we may exercise any other available remedies.
Interest Fee	The greater of 18% per annum or the highest rate permitted by law.	Upon demand.	Interest fees are payable on any overdue amounts due to us and accrue from the date any payment is due until such payment is remitted to us.
Indemnification Fee	Cost of any liabilities, claims, damages, and legal fees we incur.	Within ten days of your receipt of our invoice.	Indemnification fees are payable for any matters arising from your operation of your BYou Clinic for which you are obligated to indemnify us pursuant to your Franchise Agreement.
Liquidated Damages Fee	The greater of (i) an amount equal to any amounts due or owing to us or our affiliates by you including, without limitation, unpaid accrued and future royalties,	On demand.	Payable if (i) we terminate your Franchise Agreement because of your default or (ii) you terminate your Franchise Agreement without the right to do so. Liquidated damages are payable in addition to any other remedies we may have at law or equity.

Type of Fee ¹	Amount	Date Due	Remarks
	Marketing Contributions, or any other fees payable by you under your Franchise Agreement, Lease, or otherwise, or (ii) \$50,000.00.		

Notes:

1. Fees. Except where otherwise noted, all fees are payable to us or our designees, non-refundable, and uniformly imposed on all franchisees. We may reasonably increase any fees or charges for products, materials, and services we provide from time to time excepting the royalty fee percentage used to calculate your royalty fee payments. The royalty fee percentage is not subject to any increases. Annual increases in the Minimum Royalty Fee will be limited to the percentage increase in the Consumer Price Index. You will remit all amounts you owe us pursuant to the Franchise Agreement or other agreements in the manner we determine including, without limitation, payment by bank draft, certified check, credit card, electronic funds transfer, or as we may otherwise direct in writing. You will participate in any payment plans, computerized point of sale systems, credit verification systems, electronic funds transfer systems, automatic banking systems, or other similar plans or systems we require to facilitate your payment of all amounts owing to us pursuant to the Franchise Agreement or other agreements. You will execute all necessary documents and consents for payment including, without limitation, our current form of Auto-Debit Authorization Agreement for payments to be made by electronic funds transfer, a copy of which is attached to the Franchise Agreement as Schedule C, to enable us to automatically withdraw money from your financial accounts.

2. Gross Revenues. The term “**Gross Revenues**” means all gross sums collected or billed by you or us from all goods and services sold in connection with your BYou Clinic and any other revenue related to or derived from the provision of the Products and Services or the sale of any products or services in connection with the conduct and operation of your BYou Clinic whether for cash, check, credit, gift certificates, coupons, barter, or any other means of exchange including, without limitation, the proceeds of any business interruption insurance policies, and all revenues derived from tenants or subtenants of yours including, without limitation, rent and any other lease payment. Gross Revenues do not include all sales, use, excise, license, or similar taxes separately billed, charged, and collected by you for remittance to the appropriate governmental authorities. Any installment or credit sale will be treated as a cash sale for the full price in the month during which the sale is made regardless of the time payment is received.

3. Marketing Fund. Although we have not yet established a dedicated marketing fund for the benefit of the System (the “**Marketing Fund**”), we may establish a Marketing Fund in the future in our discretion. You may be required to pay a minimum monthly amount to the Marketing Fund regardless of your Gross Revenues. Marketing Fund fee payments will not be credited towards satisfaction of your minimum local marketing requirements.

4. Advertising Cooperative Fee. If two or more BYou Clinics are operating within a geographic area we designate, we may establish and require your participation in a local or regional advertising cooperative (a “**Cooperative**”) within the designated market. If a Cooperative is established within a designated market that includes your BYou Clinic, you will be required to participate in the

Cooperative and make ongoing payments to the Cooperative in such amounts and subject to such caps as established by the Cooperative members. We anticipate that each BYou franchisee and company-owned BYou Clinic will have one vote for each BYou Clinic located within the designated market and that Cooperative decisions will be made based on approval of a simple majority vote with a quorum of not less than 25% of the members. Contributions to a Cooperative will be credited towards the satisfaction of your minimum local marketing expenditure requirements.

5. Lead Generation Fee. You will pay a continuing lead generation fees to third parties monthly or as otherwise arranged with the third parties.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – FRANCHISE AGREEMENT

Type of Expenditure¹	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee	\$45,000.00.	Certified check, credit card, or electronic funds transfer.	Upon signing your Franchise Agreement.	Us.
Initial Training Fee	\$15,000.00.	Certified check, credit card, or electronic funds transfer.	Upon signing your Franchise Agreement.	Us
Real Estate Rent and Security Deposit ²	\$20,000.00 to \$40,000.00.	As agreed.	As incurred.	Landlord
Construction and Real Estate Improvements ³	\$180,000.00 to \$280,000.00.	As agreed.	As incurred.	Third parties.
Supervisory Fee ⁴	\$0.00 to \$20,000.00.	Certified check, credit card, or electronic funds transfer.	As incurred.	Us.
Utilities and Utility Deposits	\$500.00 to \$1,000.00.	As agreed.	As incurred.	Utility providers.
Insurance	\$10,000.00 to \$20,000.00.	As agreed.	As incurred.	Insurance providers.
Office Equipment and Supplies	\$8,000.00 to \$10,000.00.	As agreed.	As incurred.	Third parties.
Signage	\$4,000.00 to \$15,000.00.	As agreed.	As incurred.	Third parties.
Training Expenses	\$1,000.00 to \$2,000.00.	As agreed.	As incurred.	Third parties.

Type of Expenditure¹	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Inventory	\$4,000.00 to \$5,000.00.	As agreed.	As incurred.	Third parties or us.
Furniture, Fixtures, and Equipment ⁵	\$160,000.00 to \$335,000.00.	As agreed.	As incurred.	Third parties or us.
Computer System	\$1,000.00 to \$2,000.00	As agreed.	As incurred.	Third parties.
Grand Opening Expenses ⁶	\$3,000.00 to \$20,000.00.	As agreed.	As incurred.	Third parties.
Lead Generation Fees	\$9,000.00 to \$18,000.00.	As agreed.	As incurred.	Third parties.
Local Marketing Expenses	\$500.00 to \$2,000.00.	As agreed.	As incurred.	Third parties.
Licenses and Permits	\$500.00 to \$1,000.00.	As agreed.	As incurred.	Governmental authorities.
Accounting and Professional Fees	\$2,500.00 to \$4,000.00.	As agreed.	As incurred.	Professionals.
Pre-Opening Staffing Recruiting Costs ⁷	\$500.00 to \$1,500.00.	As agreed.	As incurred.	Third parties.
Uniforms	\$200.00 to \$500.00.	As agreed.	As incurred.	Third parties.
Additional Funds for First Three Months of Operation ⁸	\$25,000.00 to \$80,000.00.	As agreed.	As incurred.	Third parties or us.
Total Estimated Initial Investment⁹	\$489,700.00 to \$917,000.00.			

YOUR ESTIMATED INITIAL INVESTMENT – DEVELOPMENT AGREEMENT

Type of Expenditure¹	Amount	Method of Payment	When Due	To Whom Payment is Made
First Development Clinic (see table above)	\$488,700.00 to \$915,000.00.	Varies.	Varies.	Varies.
Additional Initial Franchise Fees and Initial Training Fees for Three to Five Development Clinics	\$90,000.00 to \$180,000.00.	Certified check, credit card, or electronic funds transfer.	Upon signing your Development Agreement.	Us.
Business Planning and Miscellaneous Expenses	\$2,000.00 to \$3,000.00	As agreed.	As incurred.	Third parties.
Total Estimated Initial Investment¹⁰	\$581,700.00 to \$1,099,000.00			

Notes:

1. General. You will pay all associated processing charges for any initial fees paid to us or our affiliates by credit card or electronic funds transfer. All fees imposed by us or our affiliates are non-refundable unless otherwise noted. Fees and expenses paid to vendors or other third parties may or may not be refundable depending on the arrangements you make with them.

2. Real Estate Rent and Security Deposit. This estimated range is for the first three months of your lease term and is based on a space with a footprint of between 1,200 and 1,700 square feet. You may also incur additional related expenses including, without limitation, (i) taxes, (ii) your *pro rata* share of common expenses and common area maintenance, (iii) percentage rent (if any), (iv) prepaid rent (which may or may not be refundable depending on your lease), (v) promotion fund payments, and (vi) tenant insurance. The amount of your rent may vary significantly depending on a number of factors including, without limitation, the size, condition, and location of your Clinic Site and specific provisions of your lease. We cannot estimate the precise amount of your rent. As you will enter into your lease directly, you will pay all rent and other fees payable under the lease to your landlord or third parties.

3. Construction and Real Estate Improvements. At your sole expense, you will design, construct, and equip your Clinic Site within the timetable specified by us in conformity with our architectural and design plans, trade dress, and System specifications (the “Plans”). You will contract only with design, engineering, and construction companies we have previously approved or that you select and we approve. We will consult and supervise your construction process as we deem appropriate and may inspect the design, construction, and development of your Clinic Site at any reasonable time. If we identify instances where your design, construction, or remodeling is inconsistent with the Plans, we will notify you in writing of such deficiencies and you will correct the deficiencies before opening for business. You will exclusively bear the cost of the Plans and all costs and expenses pertaining to the design, construction, and equipping of your Clinic Site.

4. Supervisory Fee. A supervisory fee is payable for the management and supervisory services we provide in connection with the construction of your Clinic Site. You will only pay a supervisory fee if you do not use our previously approved suppliers for the construction of your Clinic Site. In such event, you must obtain our approval of your proposed suppliers before beginning the construction process.

5. Furniture, Fixtures, and Equipment. For furniture, fixtures, and equipment that you purchase from us, you will remit payment via check or otherwise as we direct. 50% of your payment to us will be due when you order such furniture, fixtures, and equipment and the remainder will be due upon delivery.

6. Grand Opening Expenses. You will conduct a grand opening promotional program (a “Grand Opening”) for your BYou Clinic during the period commencing 14 days before and ending 90 days after the date your BYou Clinic opens to the general public. You will spend at least \$3,000.00 for your Grand Opening. You will provide us with a summary of your proposed Grand Opening expenditures at least 30 days before the date your BYou Clinic opens to the general public.

7. Pre-Opening Staffing Costs. You may need to hire minimal staff to assist with your Grand Opening or other matters before opening your BYou Clinic to the general public.

8. Additional Funds for First Three Months of Operation. This is an estimate of the additional funds necessary for the first three months after you open your BYou Clinic to the general public. This estimate does not include royalty fees, employee salaries, Medical Director compensation, debt service, or your compensation. This is only an estimate and we cannot guarantee that you will not incur additional expenses during your initial operating period. The actual amount of your required additional funds will depend on factors such as your management skills, your experience and business acumen, local economic conditions, the local market for the Products and Services, and your competition.

9. Total Estimated Initial Investment. We have relied on our experience, the experience of BYou NY, and the experience of our franchisees to prepare these figures. You should review these

figures carefully with a business advisor before you sign a Franchise Agreement. These figures are estimates and we cannot guarantee that you will not incur additional costs. Your financial condition, the arrangements you negotiate, and the business decisions you make will affect these costs. There is no assurance that your experience or the experience of any particular franchisee will correspond with the information presented above.

10. Total Estimated Initial Investment – Development Agreement. This estimate assumes you sign a Development Agreement for three to five Development Clinics. The Initial Franchise Fee and Initial Training Fee for your first Development Clinic are included in the “Estimated Initial Investment – Franchise Agreement” table. The combined amount of your Initial Franchise Fees and Initial Training Fees are reduced to \$45,000.00 for your second and each additional Development Clinic.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers and Specifications

You will establish and operate your BYou Clinic in compliance with your Franchise Agreement and the Operations Manual. Unless we direct you otherwise, you will purchase all goods, products, services, supplies, inventory, equipment, and materials required for the operation of your BYou Clinic including, without limitation, all or part of the Products and Services, from manufacturers, suppliers, or distributors we approve or from other manufacturers, suppliers, or distributors that meet our specifications and standards for quality, appearance, and service. Some approved manufacturers, suppliers, or distributors may be affiliated with us. We may designate ourselves and our affiliates as exclusive suppliers of source-restricted goods and services. The items required to be purchased through us or our designated suppliers are listed below in this Item 8. If we do not designate a supplier for a particular item, you will purchase all such products, supplies, and services from suppliers who meet our general standards. We have imposed these requirements in order to assure quality and uniformity.

Alternative Suppliers

Approved manufacturers, suppliers, distributors, goods, products, services, supplies, inventory, equipment, and materials may be designated in the Operations Manual. You must request and obtain our prior written approval if you want to use an alternative supplier. We have the sole discretion to approve or reject an alternative supplier. We may condition our approval on criteria we reasonably deem appropriate including, without limitation, the alternative supplier’s capacity, quality, financial stability, reputation, and reliability, our inspections, product testing, and performance reviews, or other criteria. Our criteria for approving alternative suppliers are not available to you. We may require you to submit sufficient photographs, drawings, or other information and samples to determine whether these goods, products, services, supplies, inventory, equipment, materials, non-designated manufacturers, suppliers, and distributors meet our general standards. We do not currently charge a fee for this review process, but we may do so in the future. We will provide you with written notification of our approval or disapproval of any proposed alternative supplier within 14 days after our receipt of your request. If we fail to notify you of approval within the 14-day period, the proposed alternative supplier will be deemed unapproved. We may grant approvals of new suppliers or revoke approvals of current suppliers upon written notice to you or Operational Manual updates at our discretion. Except as described below, neither we nor any of our officers own an interest in or are presently affiliated with any approved or designated manufacturers, suppliers, or distributors. We may change our standards and specifications, or manufacturers, suppliers, or distributors who have our authorization at any time.

Required Purchases

Medical Equipment

You will purchase certain medical equipment (the “**Medical Equipment**”) directly from us or our approved or designated suppliers. We may change our approved or designated suppliers for the components of the Medical Equipment at any time. We may be the sole approved supplier for any components of the Medical Equipment. You will purchase and maintain the components of your Medical Equipment as we direct in the Operations Manual.

You will purchase some components of the Medical Equipment from Candela Laser Corporation (“**Candela**”) which is currently our sole approved supplier of these components. We may receive consideration from Candela for purchases made by our franchisees.

You will purchase some components of the Medical Equipment from Venus Concept Inc. (“**Venus**”) which is currently our sole approved supplier of such components. We may receive consideration from Venus for purchases made by our franchisees.

You will purchase some components of the Medical Equipment from InMode Corp. (“**InMode**”) which is currently our sole approved supplier of such components. We may receive consideration from InMode for purchases made by our franchisees.

You will purchase some components of the Medical Equipment from Viola which is currently our sole approved supplier of such components. We may receive consideration from Viola for purchases made by our franchisees. Oleg Cheskis, our President, has an ownership interest in Viola.

Construction Services

You will obtain construction services for the construction of your Clinic Site (the “**Construction Services**”) directly from us, our approved suppliers, or our designated suppliers at your election. If you elect to not obtain construction services from us, our approved suppliers, or our designated suppliers, you will pay us a supervisory fee. We may change our approved or designated suppliers for the Construction Services at any time.

912412 Inc. (“**912412**”) is an approved supplier of construction services for the construction of Clinic Sites. The husband of Irena Azaraev, our Chief Executive Officer, has an ownership interest in 912412.

Promotional Materials

You will purchase certain promotional materials (the “**Promotional Materials**”) directly from us or our approved or designated suppliers. We may change our approved or designated suppliers for the components of the Promotional Materials at any time. We may be the sole approved supplier for any components of the Promotional Materials. You will maintain such amounts of the Promotional Materials and other promotional materials as we direct in the Operations Manual.

Approved Products and Services

You will purchase certain components of the Products and Services directly from us or our approved or designated suppliers. We may change our approved or designated suppliers for the components of the Products and Services at any time. We may be the sole approved supplier for any

components of the Products and Services. You will maintain such amounts of the Products and Services and other products and services as we direct in the Operations Manual.

You will purchase some components of the Products and Services from ZO Skin Health Inc. (“**ZO Skin**”) which is currently our sole approved supplier of such components. We may receive consideration from ZO Skin for purchases made by our franchisees.

CRM Systems

You will purchase the customer relationship management systems (the “**CRM Systems**”) we designate. Our current designated suppliers of the CRM Systems are Mindbody Inc., RapidStart CRM, and Zoho Corporation Pvt. Ltd., but we may change our designated suppliers for the CRM Systems at any time. Fees for your CRM Systems are currently included as part of your monthly technology fee payments to us, but you may be required to pay us or third parties separately for your CRM Systems in the future.

Computer Hardware, Software, and Technology

You must use a computer system composed of computer hardware, software, and technology we approve (the “**Computer System**”). If you do not already have a Computer System that we deem adequate, you will purchase or lease a Computer System with the specifications described in Item 11. We estimate that the cost of a new Computer System will range from \$1,000.00 to \$2,000.00. We may change our approved or designated suppliers for the components of the Computer System at any time. You may purchase or lease certain components of the Computer System from any supplier you choose as long as the components meet our specifications. You must purchase and maintain the components of your Computer System as we direct in the Operations Manual. We estimate the cost of Computer System maintenance to range from \$300.00 to \$500.00 per year.

Our current designated suppliers of certain components of the Computer System are 3CX Ltd. and RingCentral, Inc. for telephone systems, Aries App Inc. for online digital applications, and Microsoft Corp. for general office software, but we may change our designated suppliers for the components of the Computer System at any time. Many of the expenses for your Computer System are currently included as part of your monthly technology fee payments to us, but you may be required to pay us or third parties separately for any components of your Computer System in the future.

Insurance

You will purchase and continuously maintain the following minimum insurance coverage from an insurer acceptable to us and provide us with certified copies of each insurance policy within seven days of execution:

(i) Insurance covering your inventory, fixtures, furniture, equipment, and wares in an amount equal to not less than the full replacement cost thereof with coverage against all risks on a broad form basis;

(ii) Commercial general liability and property damage insurance including personal injury liability, contractual liability, public liability and employer’s liability, advertising liability and non-owned auto liability coverage of not less than \$5,000,000.00 for any one occurrence and such greater amount as may be specified from time to time by us and tenant’s legal liability in an amount acceptable to the landlord of your Clinic Site;

- (iii) Commercial general liability and comprehensive vehicle insurance coverage on all vehicles used in the operation of your BYou Clinic;
- (iv) All insurance coverage required by the landlord of your Clinic Site;
- (v) Business interruption insurance on a profit basis or actual loss sustained basis for a period of at least nine months;
- (vi) Malpractice and public liability insurance with coverage of not less than \$2,000,000.00 for any one occurrence and such greater amount as we may specify from time to time;
- (vii) Such other insurance coverage required by the jurisdiction in which you operate or as reasonably required by us or the landlord of your Clinic Site from time to time in such amounts as required by us, the landlord, or applicable laws including, without limitation, flood, sewer back-up, earthquake, and boiler and machinery insurance;
- (viii) Commercial builder's risk insurance that includes liability and is obtained before any construction work commences. All contractors must provide you with a certificate of insurance adding both you and us as additional insureds;
- (ix) Workmans' compensation or similar insurance as may be required by applicable law; and
- (x) Such other insurance as we or applicable law may reasonably require from time to time.

Such insurance coverage will be obtained from insurers acceptable to us. You will furnish us with certified copies of each of the insurance policies described above within seven days of the execution of your Franchise Agreement. Each policy must provide that it cannot be cancelled without 15 days' written notice to us. You will promptly refer all claims or potential claims against you or us to your insurer and us.

We may require you to change your insurance amounts from time to time upon our written demand. All policies of insurance must be renewed on a timely basis and copies of all policies and certificates together with evidence of payment of premiums must be delivered to us at least 30 days before the expiration of such policies. We may add to, change, or otherwise modify the types of coverage, or the amounts or minimum amounts of such coverage, from time to time in the Operations Manual or otherwise to reflect industry practices and our experience.

All insurance coverage will be maintained under one or more policies of insurance issued by insurance carriers with a performance rating acceptable to us as described in the Operations Manual. All insurance policies will (i) name us as an additional insured, (ii) contain a waiver by the insurance carrier of all subrogation rights against us, our affiliates, officers, directors, and employees, and (iii) provide us with 30 days' written notice before the termination, cancellation, expiration, or modification of any policy. We may increase the minimum protection requirements as of the renewal date of any policy and may require different or additional kinds of insurance at any time, including excess liability (umbrella) insurance, upon 30 days' notice.

We may negotiate purchase programs under which you can purchase items that meet our specifications. We may receive a commission on the sale of items sold under our purchase programs to franchisees by the manufacturer, supplier, or distributor on the compilation of mailing lists by outside suppliers and on items sold by us (that may include, without limitation, our handling charges). You may or may not receive any material benefits based on your use of designated or approved manufacturers,

suppliers, or distributors. We did not derive income based on required purchases or leases in 2024, but may do so in the future.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Franchise Disclosure Document.

Obligation	Section in Franchise Agreement	Franchise Disclosure Document Item
(a) Site selection and acquisition/lease	8.	Item 11.
(b) Pre-opening purchases/leases	8 and 10.	Items 5 and 7.
(c) Site development and other pre-opening requirements	8.	Item 11.
(d) Initial and ongoing training	6.	Item 11.
(e) Opening	9.	Item 11.
(f) Fees	7.	Items 5, 6, and 7.
(g) Compliance with standards and policies/Operations Manual	5.	Item 11.
(h) Trademarks and proprietary information	4 and 9.	Items 13 and 14.
(i) Restrictions on products/services offered	9.	Items 8 and 16.
(j) Warranty and customer service requirements	9.	Item 16.
(k) Territorial development and sales quotas	N/A.	N/A.
(l) Ongoing product/service purchases	N/A.	Item 8.
(m) Maintenance, appearance, and remodeling requirements	8.	Item 11.
(n) Insurance	9.	Items 6 and 8.
(o) Advertising	9.	Item 11.
(p) Indemnification	3.	Item 6.
(q) Owner's participation/management/staffing	9.	Item 15.
(r) Records/reports	7.	Item 6.
(s) Inspections/audits	7.	Item 6.
(t) Transfer	13.	Item 17.
(u) Renewal	11.	Item 17.
(v) Post-termination obligations	15.	Item 17.
(w) Non-competition covenants	15 and 18.	Item 17.
(x) Dispute resolution	18.	Item 17.

ITEM 10

FINANCING

Neither we nor any agent or affiliate currently directly or indirectly offer any financing to you, nor do we guarantee your lease or any of your other obligations.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Assistance Before You Open Your BYou Clinic

Before you open your BYou Clinic, we will provide you with the following assistance:

1. Consider any proposed Clinic Site (Franchise Agreement Section 8);
2. Provide you with access to the Operations Manual (Franchise Agreement Section 5);
3. Provide you with the initial training described below (Franchise Agreement Section 6);
4. Provide you with a list of the equipment, supplies, approved suppliers, and inventory necessary to open your BYou Clinic (Franchise Agreement Section 9);
5. Provide you with assistance with the development of your approved Clinic Site (Franchise Agreement Section 8);
6. Provide you with assistance and consultation regarding your initial marketing efforts and the organization of your Grand Opening (Franchise Agreement Section 9); and
7. Provide you with consultation regarding your initial staffing needs and potential employee evaluations. You will ultimately be responsible for all matters relating to the hiring, performance, qualification, compensation, and dismissal of your employees (Franchise Agreement Section 9).

Assistance After You Open Your BYou Clinic

During your operation of your BYou Clinic, we, our affiliates, or our designees will:

1. Develop the System through means we determine including, without limitation, advertising and marketing initiatives (Franchise Agreement Section 10);
2. Make a representative reasonably available to you via the telephone or e-mail during our normal business hours as we determine is necessary to discuss your BYou Clinic and offer marketing, strategic, or general advice regarding your BYou Clinic. You are responsible for any applicable charges that may apply for any such additional assistance or resources (Franchise Agreement Section 10);
3. At our discretion, promote the System at selected industry events and franchise expositions (Franchise Agreement Section 10);

4. At our discretion, provide you with advice and direction pertaining to the operation of your BYou Clinic through, without limitation, scheduled consultations and reviews (Franchise Agreement Section 10);

5. At our discretion, conduct a conference for the benefit of the System. You may be required to pay a fee for any conference we conduct whether or not you attend the conference (Franchise Agreement Section 10);

6. At our discretion, provide you with public relations release formats, local marketing plans, and materials including, without limitation, components of the Promotional Materials, newspaper advertisements, radio commercials, sales aids, and other promotional and marketing materials. We may charge you a reasonable fee for the provision of these materials (Franchise Agreement Section 10);

7. At our discretion, provide you with such additional or remedial training as you request or we may determine from time to time at our corporate headquarters, other locations, or virtually. You may be required to pay a fee to participate in any such additional or remedial training (Franchise Agreement Section 6); and

8. At our discretion, develop new services and offerings that may be used by you in your BYou Clinic including, without limitation, modifications to the Products and Services (Franchise Agreement Section 10).

Advertising and Marketing

We may make components of the Promotional Materials, advertising, marketing, signage, and other promotional materials available for your BYou Clinic that are used by us and our other franchisees from time to time. As part of your advertising and marketing efforts, you will purchase and use such materials from us or our approved suppliers. As they become available, you will use and display all (i) product identification materials, (ii) point-of-purchase promotional materials, (iii) promotional memorabilia, merchandise, and prizes, and (iv) other advertising and marketing materials we create or authorize. If not provided to you as part of your contribution to the Marketing Fund if we have established a Marketing Fund, you will purchase these materials from us or a source we designate or approve. You may be required to purchase certain proprietary marketing, advertising, and promotional materials from us from time to time.

You may develop advertising and marketing materials for your own use at your own expense provided that such materials are prepared in accordance with our standards and specifications and you obtain our approval of your advertising, marketing, or promotional materials in writing at least ten days before use. We will notify you of our approval or disapproval of such advertising, marketing, or promotional material within five business days after you submit such advertising, marketing, or promotional material for our review. If we fail to respond to you within the five-day period, we are deemed to have withheld our approval. You will obtain our prior written approval for all promotions, special events, sales promotion materials, marketing, and advertising you use including, without limitation, on-site, Internet, social media, direct mail, newspaper, radio and television advertising, and advertising by third parties. You will not use the name of a public figure or celebrity in your promotional efforts or advertising or marketing without our prior written approval.

You will actively participate in and cooperate with any required national, regional, and local advertising, marketing, and sales promotion campaigns. You will display all advertising and marketing material we provide to you in your BYou Clinic, conduct such promotions and special events we

designate, offer local and national promotional items, accept such coupons, gift cards, or certificates we designate, and advertise and display such advertisements and solicitations on your vehicles to attract potential franchisees to the System as we require.

If we establish a Marketing Fund, in addition to any contributions to the Marketing Fund you make, you will use your best efforts to promote and advertise your BYou Clinic and conduct any local marketing, advertising, and promotional programs we may establish or approve. Without limiting the generality of the foregoing, you will spend no less than 2% of your Gross Revenues each year on approved local marketing, advertising, and promotion in your Territory. Upon our request, you will provide us with documentation demonstrating that you have made these expenditures and an accounting of the monies that you have spent for approved local marketing. If you fail to make the required expenditure in any given year, we may collect and contribute the deficiency (the “**Deficiency**”) to the Marketing Fund and then invoice you this amount plus an administrative fee of 15% of the Deficiency, which amount is payable by you to us within five days of your receipt of our invoice.

Client Loyalty, Gift Certificate, Gift Card, and Other Promotional Programs

We may establish and you will fully participate in advertising, sales, and promotional events and marketing programs that we, our affiliates, or our designees organize or conduct as developed from time to time including, without limitation, your participation in and acceptance of all client loyalty and reward programs, contests, sweepstakes, and other prize promotions, warranty programs, and such credit cards, courtesy cards, and other credit devices, programs, and plans as may be issued or approved by us from time to time. Any reasonable and customary service charges or discounts from reimbursements charged for such cards or authorizations will be at your sole expense. You will honor any promotional materials issued by other franchisees presented to you for redemption and any coupons or similar promotional materials we prescribe. We will communicate to you in writing the details of each such program and promotion and you will promptly display all point-of-sale advertising, marketing, and promotion-related information at such places as we may designate including, without limitation, on any vehicles operated by you, your employees, or your agents. You will purchase and distribute all coupons, clothing, and other collateral merchandise we designate.

To the extent that we develop or authorize the sale of gift cards, gift certificates, or stored value cards, you will acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them at your expense. All proceeds from the sale of all gift cards, gift certificates, and stored value cards belong exclusively to us and you will remit the proceeds of such sales to us according to the procedures that we prescribe. We will reimburse or credit you (at our option) the redeemed value of gift cards or certificates and stored value cards accepted by you as payment for the Products and Services sold or offered by the Clinic.

Advertising Cooperatives

We may establish a Cooperative in your Territory. In addition to any Marketing Fund contributions you make, you will contribute any amount collectively determined by the members of any Cooperative that is established in your Territory. Any contributions you make to a Cooperative will be credited towards your required annual 2% of Gross Revenues spending towards local advertising and promotional activities. Upon your receipt of notice from us that a Cooperative has been formed or exists that includes your Territory, you will participate as a member of such Cooperative; provided, however, that any required contribution exceeding 2% of Gross Revenues for any specified period must be approved by the affirmative vote of two-thirds of the Cooperative members at a duly constituted meeting.

Grand Opening

We will assist you with your Grand Opening. You will provide us with a summary of your anticipated Grand Opening expenditures at least 30 days before your BYou Clinic opens to the general public. In connection with your Grand Opening, you will obtain appropriate third party services and purchase the necessary materials in consultation with us as we determine and approve.

Marketing Fund

We will administer the Marketing Fund if we establish a Marketing Fund. The Marketing Fund may be used for, without limitation, production and placement of media advertising, media relations salaries, administrative costs, and creating and testing direct response literature, social media, direct mailings, brochures, collateral material, advertising, surveys, or other public relations expenditures including agency costs, commissions, and other similar expenses. Advertising may be placed in local, regional, or national media of our choice, including print, direct mail, radio, on-line media, e-mail messaging, or television. The Marketing Fund will not be used to solicit franchisees. If you request, we will send you an annual unaudited financial statement for the Marketing Fund indicating how the Marketing Fund has been spent during the past fiscal year. We will not have the Marketing Fund Account audited and audited financial statements will not be available. We will assume no direct or indirect liability or obligation to collect amounts due to the Marketing Fund or to maintain, direct, or administer the Marketing Fund.

We may be reimbursed from the Marketing Fund for reasonable administrative costs, salaries, and overhead expenses related to the administration and operation of the Marketing Fund and its programs. We have used in-house personnel in the past to create written press releases, audio and direct mail advertising, and social media and we may continue this practice in the future. We may self-reimburse for certain expenses, including salaries, for these services if we establish a Marketing Fund.

In any fiscal year, an amount greater or less than the aggregate contribution of all franchisees to the Marketing Fund may be spent in that year if we establish a Marketing Fund. The Marketing Fund may borrow from us or other lenders to cover deficits or invest any surplus for future use on any terms that we determine. We may reimburse the loans from the Marketing Fund. Any amounts that remain in the Marketing Fund at the end of each fiscal year will accrue and we may apply them toward the next fiscal year's expenses. We may borrow excess funds from the Marketing Fund periodically in our reasonable discretion to support other efforts to develop the System.

We do not guarantee that advertising expenditures from the Marketing Fund will benefit you or any other franchisee directly or on a *pro rata* basis. We will undertake no obligation to ensure that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of franchisees operating in that geographic area or that any franchisee will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising. Some participants in the Marketing Fund may contribute different amounts than other participants with our permission. Our company-owned BYou Clinics will not be required to contribute to the Marketing Fund.

Computer System

We will designate the Computer System. The Computer System presently requires a minimum of three computer terminals and four computer tablets. Each computer terminal will have a VGA or HDMI video output, an internal or external DVD-ROM drive, a flash card bay, and a minimum of one GB of RAM. Your Computer System will be used for general business purposes such as preparing financial

reports, tracking sales information, and storing client information such as treatment and transaction history. We will have independent unlimited access to the data collected by your Computer System. You will use the credit card processing devices that we specify. You may incur maintenance and upgrade expenses for your Computer System as required. We estimate these expenses will not exceed \$500.00 on an annual basis.

Except as described above, neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System. We are not aware of any optional or required maintenance, updating, upgrading, or support contracts relating to your Computer System. You will maintain your Computer System in good working order at your cost. During the term of your Franchise Agreement, you may be required to upgrade or update your Computer System to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades. We may change the software or technology that you must use or add new software or technology at any time. We may charge you for any software or technology that we license or sublicense to you.

Clinic Site Location and Construction Assistance

We will assist you with selecting a location for your Clinic Site and the construction of your approved Clinic Site. Unless we otherwise direct you in writing, you assume all cost, liability, expense, and ultimate responsibility for locating, securing, developing, constructing, and equipping a site for your Clinic Site within your Territory that meets our specifications. You must obtain our approval of your proposed Clinic Site within 180 days of the execution date of your Franchise Agreement. You will not make any binding commitment to a prospective vendor or landlord of real estate with respect to a proposed Clinic Site until the Clinic Site is approved by us in writing. Our approval of a Clinic Site will not constitute an express or implied representation, promise, warranty, recommendation, or endorsement by us that your BYou Clinic will be profitable or otherwise successful. Our approval only means that the proposed Clinic Site meets our minimum criteria for Clinic Sites in general.

At your sole cost and expense, we will manage and supervise on your behalf on an independent consultant basis the partial or full development of your Clinic Site including, without limitation, the design, construction, fixturing, and equipping of your Clinic Site in conformity with System requirements.

Maintenance and Renovation

You may be required to renovate your BYou Clinic to meet our then-current configuration at any time we direct or when we agree to renew your franchise rights at your sole expense (a “**Renovation**”). Renovations may include, without limitation, changes to the interior and exterior decor, furniture, fixtures, equipment, small wares, and changes to the System to conform to our then-current look and feel. We cannot estimate the cost of a Renovation. The cost of any particular Renovation will be dependent upon the amount of construction work necessary and may be considerable if your BYou Clinic requires extensive repair or updating. General maintenance of your BYou Clinic including, without limitation, repainting, replacing worn furniture, fixtures, and equipment, cleaning, and the like, will not be deemed a Renovation. Such maintenance will occur as often as necessary to maintain a clean and attractive BYou Clinic.

Training

We will provide one of your guarantors and up to three of your key employees with our initial training program for no additional fee. The initial training program will take place at your Clinic Site, our

corporate offices, an existing BYou Clinic, the operating location of one of our affiliates or service providers, or at such other locations as we designate. You will bear all costs and daily living expenses including, without limitation, travel, accommodation, and transportation costs, wages, and living and other miscellaneous expenses, for your attendees. If you want to train more than four persons as noted above, or if it becomes necessary to retrain a certain individual, we will charge you our then-current fees for such training. Your trainees must complete our initial training program to our satisfaction before your BYou Clinic opens to the general public, but in no event later than the earlier of (i) 30 days before the opening, or (ii) 120 days after the date you sign your Franchise Agreement. If your trainees fail to complete our initial training to our satisfaction within 120 days after the date you sign your Franchise Agreement, we may terminate your Franchise Agreement without refunding any amounts you have paid us. Each Clinic Site must be operated and supervised only by persons that have successfully completed all training we require.

The initial training program will review all aspects of operating your BYou Clinic including, without limitation, clinical training, business training, technology training, and client relationship management training. The initial training will be for a period of two to three weeks.

The instructional materials include, without limitation, the Operations Manual, slides, videos, on-line training programs, handouts, audio presentations, and video presentations. The subjects covered in each portion of the initial training program and the approximate amount of time devoted to each subject is described below. The initial training program may be modified in our discretion. The exact number and distribution of hours of classroom training may vary.

TRAINING SCHEDULE

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Brand Values; Culture; Operating Procedures Review	2	0	Manhattan, New York, or as we designate
Detailed Treatments Knowledge	18	0	Manhattan, New York, or as we designate
Sales and Marketing	5	0	Manhattan, New York, or as we designate
Medical Protocol Review	3	0	Manhattan, New York, or as we designate
Software, Product, and Equipment Vendor Review	8	0	Manhattan, New York, or as we designate
Customer Service Guidelines	2	0	Manhattan, New York, or as we designate
HR Employee Handbook Guidelines	1	0	Manhattan, New York, or as we designate
Q&A	4	0	Manhattan, New York, or as we designate
Final Exam	0	4	Manhattan, New York, or as we designate
“Hands On” Practice	0	23	Clinic Site
TOTAL	43	27	

Our training is mostly conducted by BYou Beauty Academy in Manhattan, New York. The training is primarily overseen by Irena Azaraev whose experience is disclosed in Item 2. Additional

trainers may participate and will have at least one year's experience in the subjects they will be responsible for. Training materials include the Operations Manual and other relevant materials.

Any new key personnel you hire or retain will comply with our training requirements within a reasonable time we specify. The training of new personnel generally occurs at one of our corporate-owned or affiliated locations, but we may schedule the training at another site. You will not permit the management of your BYou Clinic's operations on a regular basis by any person who has not successfully completed all training we require to our satisfaction. Without limiting the generality of the foregoing, you may choose to send additional managers or employees for initial training or any subsequent mandatory or optional training provided that we determine that space is available, you pay us our then-current applicable fees, and you pay all costs and daily living expenses including, without limitation, travel costs, accommodation costs, transportation costs, and living and other miscellaneous expenses in relation thereto.

If you are given notice of default relating to your failure to meet any operational standards, we may require as a condition of curing the default that you and your personnel comply with the additional training requirements we prescribe at your expense including the payment of our then-current applicable fees.

Conferences

We may produce a conference for the benefit of the System that you will be required to attend in our discretion. You will pay any associated fees and expenses whether or not you attend.

Operations Manual

We will provide you with online access to the Operations Manual or loan you a hard copy of the Operations Manual as we elect. You will operate your BYou Clinic in compliance with the operational systems, procedures, policies, methods, and requirements found in the Operations Manual and any supplemental bulletins and notices, revisions, modifications, or amendments made to the Operations Manual. If we loan you a hard copy of the Operations Manual, you will keep it in a secure place within your Clinic Site. The Operations Manual and all other manuals or written materials relating to your BYou Clinic will be returned to us upon the termination or expiration of your Franchise Agreement. We may change the Operations Manual in our discretion, but the modifications will not substantially or materially alter your status and rights pursuant to the Franchise Agreement. The Operations Manual is confidential and remains our property. At present, the Operations Manual is approximately 150 pages long. The Operations Manual's Table of Contents is attached as Exhibit C to this Franchise Disclosure Document.

We may notify you of changes to the Operations Manual by any method including, without limitation, e-mail, posting the modified Operations Manual to our website, or by facsimile transmission. You will ensure that the Operations Manual is kept current at all times. You will abide by any modifications, changes, additions, deletions, and alterations to the Operations Manual. You will be responsible for all costs and expenses that you may incur to comply. You may need to purchase updated equipment, products, or supplies at your own cost. If there is any dispute as to the contents of the Operations Manual, the terms of the master copy of the Operations Manual that we maintain at our principal office will control.

ITEM 12
TERRITORY

Your Territory

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We will grant you a license to use the System under the Trademarks for the operation of your BYou Clinic within your Territory. As long as you are in compliance with your Franchise Agreement and subject to the reserved rights described below, we will not engage in or license others to engage in the operation of a BYou Clinic identified by the Trademarks in your Territory. You must establish and operate your BYou Clinic solely at your Clinic Site which must be located inside of your Territory.

Your Territory will be designated by certain ZIP codes, postal codes, counties, or other geographic boundaries we designate. Your Territory may differ significantly from the Territories of other franchisees including, without limitation, the physical size, number of total potential clients, and demographics. Your Territory will be described in the Summary box on the cover page of your Franchise Agreement.

In certain circumstances, an approved location for your Clinic Site will not be identified or initially available when you sign your Franchise Agreement. In such a case, in order to ensure that you are not deprived of the opportunity to make an informed investment decision, please review your right to opt out as provided for in Section 8.5 of the Franchise Agreement pursuant to which we both have a right to terminate your Franchise Agreement if a suitable Clinic Site location is not secured or the boundaries of your Territory are not acceptable to you within 210 days of the date of your Franchise Agreement.

No Options, Rights of First Refusal, or Right to Relocate

You have no option, right of first refusal, or similar contractual right to acquire or purchase additional BYou Clinics other than as granted by a Development Agreement. You have no rights to relocate your BYou Clinic. We will not consider you eligible to purchase additional BYou Clinics unless you remain in full compliance with your Franchise Agreement and the Operations Manual at all times and demonstrate to us that you meet our then-current qualifications for new franchisees.

Reservation of Rights

Notwithstanding anything in your Franchise Agreement to the contrary, we and our affiliates expressly reserve the right without compensation to you to:

(i) Establish, operate, or license to any other franchisee, person, or entity a franchised business identical or similar to your BYou Clinic at any location outside of your Territory;

(ii) Develop, use, or license the use of proprietary marks other than the Trademarks in connection with the operation of a program or system which offers products or services which are the same as or similar to those offered by your BYou Clinic that may compete with your BYou Clinic at any location;

(iii) Develop, market, own, operate, or participate in any business other than a franchised business using the Trademarks or any other trademarks anywhere in the world;

(iv) Offer, distribute, or sell by ourselves or through our affiliates or other persons including, without limitation, other franchised businesses, such products and services including, without limitation, the Products and Services, through channels of trade including, without limitation, electronic, computerized, or other remote-entry ordering system like the Internet, direct mail, mail order catalogs, telemarketing, infomercials, shopping malls, hotels, hospitals, universities, schools, convention centers, casinos, military bases, office buildings, business complexes, apartment buildings, condominiums, dormitories, other high density locations and other similar locations, sales to wholesalers or distributors and retailers for resale in locations such as supermarkets, convenience, and department stores, other retail stores, co-branding relationships, and any similar outlets or distribution methods we determine (collectively, “**Other Channels**”) anywhere in the world regardless of the proximity of such Other Channels to your BYou Clinic;

(v) Acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided by your BYou Clinic, and franchise, license, or create similar arrangements with respect to these businesses once acquired wherever these businesses (or the franchisees or licensees of these businesses) are located or operating inside your Territory;

(vi) Be acquired in whole or in part by a business providing products and services similar to those provided by your BYou Clinic or by another business, even if such business operates, franchises, or licenses a business involved in the offer or sale of products or services which are the same as or similar to those offered by your BYou Clinic; and

(vii) Do such things and transact such business that your Franchise Agreement does not expressly grant to or confer upon you.

Marketing Rights

You will only market your BYou Clinic to prospective clients in your Territory. You will not use Other Channels including, without limitation, the Internet, telemarketing, or other direct marketing sales to solicit clients outside your Territory without our prior written approval.

Minimum Performance Obligations

You need not achieve any minimum sales targets, market penetration, or other performance obligations to maintain the limited exclusivity of your Territory.

ITEM 13

TRADEMARKS

Under the terms of your Franchise Agreement, you will be granted a license to use the Trademarks and those other marks that we designate. Our affiliate BYou IP is the owner of the Trademarks and has granted to us a license with an initial 20-year term and automatic renewal thereafter to use the Trademarks and license our franchisees to use the Trademarks. We may supplement and modify the marks that you may or may not use in connection with the operation of your BYou Clinic. You may only use the Trademarks as authorized by us in writing pursuant to the terms of your Franchise Agreement. You may not use the Trademarks in the name of any business entity you establish.

Your Franchise Agreement grants you the nonexclusive right to use the Trademarks in your BYou Clinic. We own the Trademarks and have registered the following principal Trademarks with the United States Patent and Trademark Office (the “USPTO”) on the Principal Register:

Mark	Registration Number	Registration Date
BYou	7141694	August 22, 2023
	7141695	August 22, 2023

There are no currently effective material determinations by the USPTO, the Trademark Trial and Appeal Board, any court, or the trademark administrator of any state with respect to our principal trademarks. There are no pending infringement, opposition, or cancellation proceedings and no pending litigation involving our principal trademarks. We know of no superior rights or infringing uses that could materially affect your use of our principal trademarks or other related rights in any state.

You will provide us with written notice of any claims that you may become aware of regarding the Trademarks including, without limitation, your use of the Trademarks and any claim associated with a third party's use of a trademark that is identical or confusingly similar to the Trademarks. We have the sole discretion to take any actions or refrain from taking any action that we believe appropriate in response to any trademark infringement, challenge, or claim. As between us, we possess the sole right to exclusively control any litigation, legal proceedings, administrative proceedings, or settlements involving any actual or alleged infringement, challenge, or claim relating to the Trademarks. You will execute all documents, instruments, or agreements and undertake the actions that we determine to be necessary or advisable for the protection or maintenance of our interests in the Trademarks in any legal proceeding or administrative proceeding as we may determine. As to the foregoing, we will reimburse you for your reasonable out-of-pocket administrative expenses that you pay to comply with our written instructions.

We will protect your right to use the Trademarks and other related rights, protect you against claims of infringement and unfair competition related to the Trademarks, and indemnify you against direct damages for trademark infringement in a proceeding arising from your use of the Trademarks provided that you use the Trademarks in accordance with the terms of your Franchise Agreement, as designated by us in the Operations Manuals, or otherwise as we direct and you timely notify us of any claim, give us sole control of the defense and settlement of such claim, and are in compliance with your Franchise Agreement. If we defend any claim, we have no obligation to indemnify or reimburse you for the fees or disbursements of any attorney that you retain.

If any third party establishes to our satisfaction and in our discretion that its rights to the Trademarks are superior to any of our rights and we believe in our discretion that it is advisable to discontinue the use of or modify any part of the Trademarks, we will modify or replace the Trademarks and you will use the substitutions, replacements, or variations of or to the Trademarks and use those trademarks, service marks, logos, and trade names we designate. Our sole liability and obligation in such event will be to reimburse you for your direct out-of-pocket costs of compliance which you must document to our reasonable satisfaction.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

We do not have any patents or pending patent applications that are material to your BYou Clinic.

Copyrights

The Operations Manual and all other manuals, systems, binders, logos, designs, marketing materials, layouts of advertising materials, books, writings, recordings, videos, software, web content, electronic files, printed materials, and licensed methods, and all revisions, modifications, changes, and derivatives of these materials that we provide to you for use in your BYou Clinic (collectively, the “**Copyrighted Materials**”) are protected by copyright and other laws. Although we have not filed an application for copyright registration for any part of the Copyrighted Materials, we claim common law and federal copyrights and trade secret rights in the Copyrighted Materials. We grant you the right to use the Copyrighted Materials in the operations of your BYou Clinic, but such Copyrighted Materials remain our sole property. There are no currently effective material determinations of the United States Copyright Office or any court of competent jurisdiction regarding the Copyrighted Materials. There are no agreements that limit the use of the Copyrighted Materials. You will use copyright, confidentiality, or other proprietary notices on all the Copyrighted Materials.

Proprietary Information

We own the Operations Manual, electronic information and communications, marketing, advertising and related information and materials, data bases (whether in print, electronic, or other form), our methodology, and other written or oral information developed and used in connection with the System are our confidential information and trade secrets (collectively, the “**Confidential Information and Trade Secrets**”). We may use or transfer the Confidential Information and Trade Secrets in any way we elect at any time. We may contact any of your clients, suppliers, and other service providers for quality control, market research, and such other purposes as we deem appropriate in our discretion.

You will not use, publish, disclose, divulge, or in any manner communicate the Confidential Information and Trade Secrets to any person or other entity in any manner other than as we permit. You will not use, copy, or imitate, or allow any other person or other entity to use, copy, or imitate, any of the Confidential Information and Trade Secrets or any materials confusingly similar to the Confidential Information and Trade Secrets in any manner other than as we permit. You and each of your officers, owners, directors, employees, other beneficial owners, your immediate family members, and your employees who have access to the Confidential Information and Trade Secrets must execute a non-disclosure and non-competition agreement.

If you, your owners, directors, other beneficial owners, employees, agents, or other personnel develop any new intellectual property, inventions, copyrights, trade secrets, concepts, processes, products, or improvements relating to the operation or promotion of your BYou Clinic (collectively, “**Improvements**”), you will promptly notify us and give us all necessary information relating thereto at no charge. The Improvements will be our property. You, your owners, directors, other beneficial owners, employees, agents, or other personnel will sign an assignment of all Improvements to us. We may allow other franchisees to use the Improvements and we may allow you to use Improvements derived from other franchisees.

We do not know of any copyright or patent infringement that could materially affect your use of the Copyrighted Materials or Confidential Information and Trade Secrets.

Challenges

You will notify us immediately when you learn about an infringement of or challenge to your use of the Copyrighted Materials or Confidential Information and Trade Secrets. We are not required to take affirmative action when notified of such infringement and we are not contractually obligated by your

Franchise Agreement to protect you against claims of infringement or unfair competition involving the Copyrighted Materials or Confidential Information and Trade Secrets, but it is our policy to do so when, in the opinion of our counsel, your rights require protection. We will pay costs, including attorneys' fees and court costs, associated with any litigation that we elect to bring or defend to protect your use of the Copyrighted Materials or Confidential Information and Trade Secrets. We do not indemnify you for expenses or damages you incur. You will fully cooperate with us in any litigation we bring or defend for your benefit. We will control any administrative proceeding or litigation involving the Copyrighted Materials or Confidential Information and Trade Secrets.

If we determine in our discretion that it is necessary to modify or discontinue use of any proprietary Copyrighted Materials or Confidential Information and Trade Secrets, you will, within a reasonable time after receipt of our written notice of modification, discontinuation, addition, or substitution, take such action as may be necessary to comply with such modification, discontinuation, addition, or substitution at your sole expense.

Your unauthorized use of any of the Copyrighted Materials or Confidential Information and Trade Secrets constitutes an infringement of our or our affiliates' rights.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must actively manage the operation of your BYou Clinic. If you are a partnership, corporation, limited liability company, or other legal entity, you will designate one owner, member, officer, or key employee who will have management responsibility (your "**Managing Party**") for the operation of your BYou Clinic. Your Managing Party must complete any training we require and be approved by us in writing prior to assuming any management responsibilities. You or your Managing Party will use your best efforts to develop your BYou Clinic and be personally responsible for the management and supervision of your BYou Clinic on a day-to-day basis. Your engagement of a Managing Party will not relieve you of any obligations you have pursuant to your Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the Products and Services, other products, and other services we require as specified in the Operations Manual or as we otherwise designate. We may change the Products and Services, other products, and other services we require at any time in our discretion. There is no limitation on our right to change the Products and Services, other products, or other services we require you to offer and sell. You may sell Products and Services, other products, and other services we require to any customer provided you do so exclusively from your Clinic Site in compliance with the System standards.

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ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.

Provision	Section in Franchise Agreement	Summary
(a) Length of Franchise Term	11.	Five years from the date you open your BYou Clinic to the public.
(b) Renewal or Extension of the Term	11.	One additional five-year term.
(c) Requirements for Franchisee to Renew or Extend	11.	(i) You give us written notice during the 60-day period immediately preceding 275 days before the expiration of your Franchise Agreement, (ii) you have substantially observed and performed all of the terms, covenants, conditions and agreements of and are in full compliance with your Franchise Agreement and all other agreements between us and our affiliates, (iii) you have satisfied all monetary obligations owed to us and our affiliates in a timely manner, (iv) you enter into our then-current form of Franchise Agreement (which form of Franchise Agreement may differ substantially from your Franchise Agreement, (v) you pay us a renewal fee equal to \$10,000.00 plus legal fees and disbursements we incur in connection with your renewal before the expiration of the term of your Franchise Agreement, (vi) you complete any required additional or remedial training to our reasonable satisfaction, (vii) you execute a release of us and our affiliates of all claims to the extent permitted by law, (viii) you complete all renovations, refurbishment, or repairs of your Clinic Site as we reasonably require to meet our then-current standards, (ix) you provide us with a complete set of financial

Provision	Section in Franchise Agreement	Summary
		statements and reports for your BYou Clinic for the last two fiscal years immediately preceding the date of renewal, and (x) your lease contemplates a renewal term and the landlord of your Clinic Site consents to a renewal or extension of your lease if such consent is required or you are otherwise able to maintain possession of your Clinic Site.
(d) Termination by Franchisee	None.	N/A.
(e) Termination by Franchisor Without Cause	None.	N/A.
(f) Termination by Franchisor with Cause	12.	Each of your obligations under your Franchise Agreement is a material and essential obligation, the breach of which may result in a termination.
(g) "Cause" Defined – Curable Defaults	12.	Your failure to (i) promptly remove any involuntary lien upon any of your business assets or property, (ii) transfer or attempt to transfer any of your rights or obligations under your Franchise Agreement in accordance with the terms and conditions of your Franchise Agreement or obtain our prior written consent prior to any purported transfer, (iii) comply with your obligations upon your death or permanent disability or the death or disability of your controlling interest holder if you are a business entity, (iv) secure and maintain required insurance after three days' written notice, (v) supply us with reports regarding Gross Revenues receipts and business activities or other financial or other information required by your Franchise Agreement, (vi) accurately report Gross Revenues such that they have been understated in any report you deliver to us by more than 5%, (vii) use the techniques, training, and methods promulgated by the Operations Manual, (viii) apply your full efforts to the performance of your duties under your Franchise

Provision	Section in Franchise Agreement	Summary
		Agreement, (ix) keep true and accurate business records and books in accordance with our procedures or to make available those items deemed necessary for our inspection, (x) maintain the standards of good conduct and appearance we designate, (xi) complete our initial training program by the earlier of (y) 30 days before opening or (z) 180 days after effective date of your Franchise Agreement or any other training program to our satisfaction, (xii) comply with the restrictions against competition or solicitation set out in your Franchise Agreement, (xiii) obtain and maintain all required licenses or governmental approvals and cure such default within five days following written notice from us or a governmental authority, (xiv) comply with any law or regulation applicable to the operation of your BYou Clinic within five days of receiving written notice from us or a governmental authority, (xv) Renovate or refurbish your Clinic Site in accordance with BYou's standards and specifications, or (xvi) comply with any requirement imposed by your Franchise Agreement or to carry out the terms of Franchise Agreement in good faith.
(h) "Cause" Defined – Non-Curable Defaults	12.	(i) You fail to make timely payment of any sums payable to us pursuant to your Franchise Agreement or any other agreement between you and us after five days' written notice, (ii) you fail to cure a default under your Franchise Agreement that materially impairs the System goodwill within ten business days after written notice, (iii) (w) you are declared or judicially determined to be insolvent, you commit an act of bankruptcy, (x) all or a substantial part of your or your BYou Clinic's assets are assigned to or for the

Provision	Section in Franchise Agreement	Summary
		benefit of any creditor, (y) you admit your inability to pay your debts as they become due, or (z) a liquidator, trustee in bankruptcy, custodian, receiver, receiver, manager, sheriff, constable, or any other officer with similar powers is temporarily or permanently appointed by a court of competent jurisdiction with authority over your BYou Clinic's operations, (iv) (w) your BYou Clinic is seized, taken over, or foreclosed upon by a governmental official in the exercise of its duties, (x) your BYou Clinic is seized, taken over, or foreclosed upon by a creditor, lien holder, or lessor, (y) a final judgment against you remains unsatisfied for 30 days, or (z) a levy of execution is made upon your BYou Clinic or upon any property used in your BYou Clinic that is not discharged within five days of such levy, (v) a bankruptcy order is made against you by a court of competent jurisdiction, (vi) you abandon your BYou Clinic by failing to operate your BYou Clinic for three consecutive business days as required by your Franchise Agreement or any shorter period after which it is not unreasonable under the facts to conclude that you do not intend to continue to operate your BYou Clinic, (vii) you make any material misrepresentation relating to the acquisition or operation of your BYou Clinic, (viii) you engage in conduct that reflects materially and unfavorably upon the Trademarks, your BYou Clinic, or the operation and reputation of the System, (ix) after curing any curable default, you engages in the same conduct or noncompliance whether or not such conduct or noncompliance is corrected after notice is given to you, (x) you commit a breach or default of one or more requirements of your

Provision	Section in Franchise Agreement	Summary
		Franchise Agreement on three occasions within any consecutive twelve-month period whether or not such defaults are of the same or different nature and whether or not such defaults have been corrected, (xi) you or any your principals, directors, owners, or managers are convicted of a criminal offense that we reasonably believe is likely to have an adverse effect on the System, the Trademarks, or the System's reputation, (xii) we make a reasonable determination that continued operation of your BYou Clinic by you will result in an imminent danger to public health or safety, (xiii) you or any of your principals, directors, owners, or managers commit fraud in connection with the operation of your BYou Clinic, (xiv) you purchase (y) unapproved products or (z) approved products from suppliers not approved by us, (xv) you offer or sell as a part of your BYou Clinic's operations any unapproved program, service, or product or fail to offer or sell any of the Products and Services we require, (xvi) you grant a security interest in any of your property or the assets of your BYou Clinic or sell any such property or assets without first receiving our prior written consent such that the foregoing materially impairs the operations of your BYou Clinic or any security interest that we may have in your Franchise Agreement, (xvii) you fail to timely pay any vendors, suppliers, or landlord more than two times during the term or any renewal term of your Franchise Agreement, (xviii) you fail to open your BYou Clinic for business within 240 days of the effective date of your Franchise Agreement, (xix) you interfere or attempt to interfere with our ability or right to franchise or

Provision	Section in Franchise Agreement	Summary
		license others to use and employ the Trademarks or the System, (xx) you interfere or attempt to interfere with our contractual relations with other franchisees, clients, employees, or any third parties, (xxi) you fail to maintain as confidential any information designated by us as confidential, (xxii) your or your employees' conduct materially and adversely affects the System, the Trademarks, the System's goodwill, or the System's reputation, (xxiii) you or your employees knowingly maintain false books or records or submit any false reports to us, (xxiv) you fail to execute and deliver back to us your lease or lease addendum on the earlier of our execution of your lease addendum or 210 days following the effective date of your Franchise Agreement, or (xxv) your lease is terminated for any reason or you otherwise lose the right of possession of your Clinic Site.
(i) Franchisee's Obligations on Termination/Non-Renewal	12.	You will (i) cease operating your BYou Clinic, (ii) cease using the Trademarks, the System, the Operations Manual, your telephone number, and any other property connected with your BYou Clinic, (iii) transfer any ownership rights that you or your employees, agents, or contractors may have developed relating to the System and your BYou Clinic, (iv) return the Operations Manual and all other confidential or proprietary material to us, (v) pay us any amounts due or owing to us or our affiliates, (vi) assign all right, title, and interest in all of your business telephone numbers and execute any further documents or instruments or instructions necessary to effect such assignment, (vii) acknowledge that you have no interest in your BYou Clinic and that all of your rights and privileges under your Franchise

Provision	Section in Franchise Agreement	Summary
		Agreement are terminated, (viii) remove all identification of the System from your Clinic Site and make such other modifications as we may specify at your sole expense, (ix) cancel any business names, trade names, or any other such registrations that contain any of the Trademarks and provide us with evidence of same, (x) dismantle any social media site, blog, or similar Internet webpage you control that contains any of the Trademarks, (xi) assign your remaining interest in any lease then in effect for your Clinic Site to us or our assignee upon our demand, and (x) lose all of your rights to use of the Trademarks and all other rights and licenses granted by your Franchise Agreement and the right and license to conduct business under the Trademarks at your Clinic Site.
(j) Assignment of Contract by Franchisor	13.	No restrictions.
(k) "Transfer" by Franchisee – Defined	13.	Any (i) sale, transfer, assignment, pledge, mortgage, encumbrance, or other conveyance of any part of your interest in your Franchise Agreement or the assets of your BYou Clinic (including by operation of law), (ii) sale, transfer, assignment, pledge, mortgage, encumbrance, or other conveyance of any interest in you, or (iii) change in the composition of your owners whether by operation of law or otherwise.
(l) Franchisor's Approval of Transfer by Franchisee	13.	We must approve all transfers.
(m) Conditions for Franchisor's Approval of Transfer	13.	(i) You comply with the applicable provisions of your Franchise Agreement and our then-current transfer policies, (ii) you are not in default under your Franchise Agreement, your lease, or any other agreement between us or our affiliates and you, (iii) we are reasonably satisfied that (x) the

Provision	Section in Franchise Agreement	Summary
		transferee is of good moral character and reputation, has adequate financial strength, and possesses appropriate business and other qualifications required for new franchisees joining the System at that time and you provide us with such reasonable information we request in order to make such determination, (y) the transfer will provide the proposed transferee with an economically viable business opportunity, and (z) the transferee otherwise meets our then-current criteria for a franchisee of the System, (iv) the transferee enters into our then-current form of Franchise Agreement, (v) if the transferee is a business entity, the transferee's owners jointly and severally guarantee the obligations of the transferee by entering into a guarantee in a form satisfactory to us; any owners with a proprietary interest in the transferee must not own or engage in any Competitive Business, (vi) you pay us a non-refundable transfer fee equal to \$12,500.00 plus legal fees and disbursements, (vii) the transferee does not have debt of more than 40% of the purchase price and is not otherwise undercapitalized in our reasonable opinion, (viii) if you or your owners finance any portion of the sale price, then all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your BYou Clinic are subordinate to the transferee's obligations to pay all amounts owing to us, our affiliates, or third party vendors, (ix) the transferee's key persons successfully complete a training program we determine, (x) you and each of your owners enter into a general release in a form permitted by law, (xi) the transferee agrees to bring its

Provision	Section in Franchise Agreement	Summary
		operations and your BYou Clinic into full compliance with our specifications and standards then applicable for new or renewing franchisees, (x) in the case of an asset sale, the transferee purchases all of your assets used in your BYou Clinic in accordance with all applicable bulk sales legislation and assumes all of your business liabilities, (xi) the transferee expressly assumes all of your obligations to us and our affiliates, (x) you submit all required reports, financial statements, and other documents due to us under your Franchise Agreement up to the effective date of the transfer, (xii) at the time of the proposed transfer or within three months thereafter, there is not another suitable BYou Clinic that the proposed transferee may purchase from us, (xiii) there are at least twelve months remaining in the term of your Franchise Agreement, (xiv) you remain liable for all of your obligations to us and our affiliates in connection with the operation of your BYou Clinic prior to, through, and after the effective date of the transfer and you execute any instruments we reasonably require to evidence such liability, (xv) if we are prepared to consent to a transfer and the transfer is not completed for any reason, you will reimburse us for our reasonably incurred legal and administrative expenses, (xvi) you return the Operations Manual and all confidential or proprietary material to us within 24 hours of a transfer, or if you have lost the Operations Manual or if the Operations Manual is stolen or damaged, you pay us a replacement fee of \$500.00, (xvii) you provide us with a copy of the agreement of purchase and sale between you and the transferee and all documents referred to therein as

Provision	Section in Franchise Agreement	Summary
		relied upon by the parties, and (xviii) there are no other reasonable grounds for us to withhold our consent.
(n) Franchisor's Right of First Refusal to Acquire Franchisee's Business	13.	We can match any offer.
(o) Franchisor's Option to Purchase Franchisee's Business	None.	N/A.
(p) Death or Disability of Franchisee	14.	Your Franchise Agreement must be transferred to a third party we approve within 180 days.
(q) Non-Competition Covenants During the Term of the Franchise	15.	You will not (i) be a member, owner, employee of, or otherwise be associated with, a Competitive Business, (ii) directly or indirectly maintain any ownership or leasehold interest in or business affiliation with any franchised system other than a franchise operated under a direct agreement with us, (iii) authorize or allow independent contractors or any third party with whom you transact business to use or have access to the our confidential information, (iv) carry on, be engaged in, be concerned with, be interested in, or advise, lend money to, guarantee the debts or obligations of, or permit your name or any part thereof to be used or employed in a Competitive Business individually, in partnership, jointly, or in conjunction with any related party or person, firm, association, syndicate, or corporation, as principal, agent, shareholder, advisor, consultant, or in any manner whatsoever, or (v) directly or indirectly engage in any activities that would be detrimental to or interfere with our operation, reputation, or goodwill or that of your BYou Clinic or the System.
(r) Non-Competition Covenants After the Franchise is Terminated or Expires	15.	Comply with the in-term covenants within 20 miles of your Clinic Site or the Clinic Site of any other BYou Clinic for a period of two years

Provision	Section in Franchise Agreement	Summary
(s) Modification of the Agreement	18.	No modifications generally, but the Operations Manual may change.
(t) Integration/Merger Clause	18.	Any representations made outside of the Franchise Disclosure Document your Franchise Agreement may not be enforceable. Only the terms of your Franchise Agreement are binding subject to state law.
(u) Dispute Resolution by Arbitration or Mediation	18.	Except for actions brought for injunctive or extraordinary relief, the following actions are subject to arbitration: actions involving (i) the Trademarks or other intellectual property, (ii) violations of the non-compete and confidentiality requirements, or (iii) actions solely relating to monetary obligations. Arbitration will be in New York, New York or the city nearest to our headquarters subject to state law.
(v) Choice of Forum	18.	New York subject to state law.
(w) Choice of Law	18.	New York subject to state law.

If a state regulator requires us to make additional disclosures related to the information contained in this Franchise Disclosure Document, these additional disclosures are contained in the State Law Addenda and Amendments included in this Franchise Disclosure Document as Exhibit G.

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchises.

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 Franchise Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if (i) a franchisor provides the actual records of an existing outlet you are considering buying, or (ii) 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.

The following chart discloses the Gross Revenues of our two company-owned Clinics and a single franchised Clinic as of December 31, 2023. Information regarding Gross Revenues during 2024 is not yet available as of the issuance date of this Franchise Disclosure Document.

Location:	Flatbush, New York	Kips Bay, New York	Oceanside, New York
Type of Clinic:	Company-owned	Company-owned	Franchised
Opening Month:	July, 2020	January, 2022	September, 2022
2021 Gross Revenues:	\$1,430,952.73	N/A	N/A
2022 Gross Revenues:	\$1,522,575.08	\$689,950.75	N/A
2023 Gross Revenues:	\$1,419,939.32	\$822,193.13	\$868,206.76
Average Gross Revenues:	\$1,457,822.38	\$756,071.94	\$868,206.76

Notes:

1. The foregoing data set is a historic financial performance representation. It is not a projection of future performance.
2. “Gross Revenues” means the total revenue derived from the sale of goods or services less sales tax, discounts, and returns.
3. Clinics build their customer base over time. The information disclosed is for our first Clinic as it is the only franchised Clinic that has been open and operating for at least two full years.
4. **Some outlets have sold and earned this amount. Your individual results may differ. There is no assurance that you’ll sell or earn as much.**
5. Written substantiation of the information contained in this Item 19 will be made available to you upon reasonable request.

Except for what is included in this Item 19, 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, 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 the franchisor’s management by contacting, Irena Azaraev, 242 Applewood Crescent, Suite 4, Concord, Ontario L4K 4E5, Canada, (800) 355-3308, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-Wide Outlet Summary
For Years 2022 to 2024

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2022	0	1	+1
	2023	1	4	+3
	2024	4	4	0

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Company-Owned	2022	2	2	0
	2023	2	2	0
	2024	2	2	0
Total Outlets	2022	2	3	+1
	2023	3	6	+3
	2024	6	6	0

*current as of December 31, 2024

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other Than the Franchisor)
For Years 2022 to 2024

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

*current as of December 31, 2024

Table No. 3
Status of Franchised Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New York	2022	0	1	0	0	0	0	1
	2023	1	2	0	0	0	0	3
	2024	3	1	2	0	0	0	2
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Total	2022	0	1	0	0	0	0	1
	2023	1	3	0	0	0	0	4
	2024	4	2	2	0	0	0	4

*current as of December 31, 2024

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Table No. 4
Status of Company-Owned Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
New York	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Total	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2

*current as of December 31, 2024

Table No. 5
Projected Openings as of December 31, 2024

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
Florida	0	1	0
Illinois	0	1	0
New Jersey	1	1	0
New York	0	1	0
Tennessee	0	0	0
Virginia	0	1	0
Total	1	5	0

A list of the names of all franchisees and the addresses and telephone numbers of their BYou Clinics as of the date of this Franchise Disclosure Document are listed in Exhibit D to this Franchise Disclosure Document. A list of the names, city, and state and current business telephone numbers or last-known home telephone numbers of all franchisees who have had a BYou Clinic terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business as of the date of this Franchise Disclosure Document or who have not communicated with us within ten weeks of the date of this Franchise Disclosure Document are listed in Exhibit E to this Franchise Disclosure Document.

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

We do not know of any trademark-specific franchisee organization associated with the System.

ITEM 21

FINANCIAL STATEMENTS

Attached to the Franchise Disclosure Document as Exhibit F are our audited financial statements for our fiscal years ending December 31, 2024, December 31, 2023, and December 31, 2022. Our fiscal year end is December 31.

ITEM 22

CONTRACTS

Attached to this Franchise Disclosure Document are the following contracts:

Exhibit B	BYou Franchising LLC Franchise Agreement
Exhibit C	BYou Franchising LLC Multi-Unit Development Agreement
Exhibit G	State Law Addenda and Amendments

ITEM 23

RECEIPT

On the last two pages of this Franchise Disclosure Document (Exhibit H), you will find two copies of the Receipt page. You must sign, date, and deliver the copy of the Receipt page labeled “Return This Copy To Us” to us for our records.

EXHIBIT A

**LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

State	State Administrator	Agent for Service of Process
California	Department of Financial Protection and Innovation One Sansome Street Suite 600 San Francisco, California 94104-4428 (415) 972-856 2101 Arena Boulevard Sacramento, California 95834 (916) 445-2705 1350 Front Street Room 2034 San Diego, California 92101 (619) 525-4233 320 West Fourth Street Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll-free Telephone Number: (866) 275-2677 Email Address: ask.dfpi@dfpi.ca.gov	Commissioner of Financial Protection and Innovation 320 West Fourth Street Suite 750 Los Angeles, California 90013-2344 (213) 576-7500
Hawaii	Business Registration Division Securities Compliance Branch Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722
Illinois	Franchise Division Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
Indiana	Securities Commissioner's Office Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204

State	State Administrator	Agent for Service of Process
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-7044	Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-7044
Michigan	Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 G. Mennen Williams Building Lansing, Michigan 48913 (517) 373-7117	Department of Commerce Corporations and Securities Bureau 670 G. Mennen Williams Building Lansing, Michigan 48913 (517) 373-7117
Minnesota	Department of Commerce 85 Seventh Place East Suite 280 St. Paul, Minnesota 55101 (651) 296-4026	Commissioner of Commerce 85 Seventh Place East Suite 280 St. Paul, Minnesota 55101 (651) 296-4026
New York	Department of Law Investor Protection Bureau 28 Liberty Street 21st Floor New York, New York 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231 (518) 473-2492
North Dakota	Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712	Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
Rhode Island	Division of Securities 233 Richmond Street Suite 232 Providence, Rhode Island 02903-4232 (401) 277-3048	Director of the Department of Business Regulation Attorney General's Office 233 Richmond Street Providence, Rhode Island 02903-4232
South Dakota	Department of Labor and Regulation Division of Insurance 124 South Euclid Suite 104 Pierre, South Dakota 57501 (605) 773-4823	Director of Division of Insurance 124 South Euclid Suite 104 Pierre, South Dakota 57501 (605) 773-4823
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street Ninth Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission State Corporation Commission 1300 East Main Street Richmond, Virginia 23219

State	State Administrator	Agent for Service of Process
Washington	Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8762	Department of Financial Institutions 150 Israel Road SW Tumwater, Washington 98501
Wisconsin	Department of Financial Institutions Division of Securities 345 West Washington Avenue Fourth Floor Madison, Wisconsin 53703 (608) 266-8557	Commissioner of Securities 345 West Washington Avenue Fourth Floor Madison, Wisconsin 53703 (608) 266-8557

EXHIBIT B

**BYOU FRANCHISING LLC
FRANCHISE AGREEMENT**



**BYOU FRANCHISING LLC
FRANCHISE AGREEMENT**

Summary

Franchisee (see Preamble): _____, a[n]
[jurisdiction] [entity form]

Premises (see Section 1.1): _____

Territory (see Section 1.1): _____

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LIST OF SCHEDULES

Schedule A: Guarantee
Schedule B: Acknowledgement
Schedule C: Auto-Debit Authorization Agreement
Schedule D: Holders of Legal or Beneficial Interest, Officers, and Directors
Schedule E: General Security Agreement
Schedule F: Addendum to Lease
Schedule G: Listing Assignment Agreement

**BYOU FRANCHISING LLC
FRANCHISE AGREEMENT**

This BYOU FRANCHISING LLC FRANCHISE AGREEMENT (the “**Agreement**”) is entered into effective as of _____ (the “**Effective Date**”), by and between BYOU FRANCHISING LLC, a Florida limited liability company located at 242 Applewood Crescent, Suite 4, Concord, Ontario L4K 4E5, Canada (“**BYou**”), and _____, a _____ located at _____ (“**Franchisee**”).

RECITALS

WHEREAS, all capitalized terms contained in the Agreement have the meanings ascribed to such terms on the Summary or at Section 1 below unless defined elsewhere in the Agreement;

WHEREAS, BYou has developed a distinctive and proprietary system (the “**System**”) for the establishment and operation of a medical spa (a “**Clinic**”) that provides laser hair removal, body contouring, cosmetic injections, skin treatments, hair growth procedures, and other minimally to non-invasive cosmetic processes, and sells related products and service that BYou authorizes;

WHEREAS, BYou has developed a program for licensing the use of the System and trademarks authorized by BYou (the “**Trademarks**”) to selected entities that will comply with BYou’s standards, specifications, and requirements in conjunction with the operation of an aesthetic clinic;

WHEREAS, Franchisee desires to obtain the right to use the System and the Trademarks to operate a Clinic and benefit from BYou’s experience and know-how with respect to the operation of Clinics;

WHEREAS, BYou is willing to grant Franchisee the right to operate a Clinic on the terms and conditions and subject to the limitations and exclusions set out in the Agreement and any other agreements between Franchisee and BYou; and

WHEREAS, Franchisee acknowledges that Franchisee has fully reviewed the Agreement and obtained advice and counsel from Franchisee’s professional advisors prior to executing the Agreement.

AGREEMENT

NOW, THEREFORE, IN CONSIDERATION of the foregoing recitals and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**SECTION 1
DEFINITIONS AND CONSTRUCTION OF AGREEMENT**

1.1 **Definitions.** Where used in the Agreement or in any schedules or amendments to the Agreement, the following terms have the following meanings:

“**Acknowledgment**” means the acknowledgment in the form attached as Schedule B.

“**Addendum to Lease**” means the addendum to lease in the form attached as Schedule F.

“**Additional Services**” means additional services in addition to the services approved by BYou from time to time.

“**Affiliate**” means individually or collectively any entities or individuals controlling, controlled by, or under common ownership with BYou including, without limitation, BYou Academy, LLC, BYou IP Holdings LLC, and BYou Laser, LLC.

“**Agreement**” means this BYou Franchising LLC Franchise Agreement.

“**Applicable Laws**” means all applicable local, municipal, state, or federal laws, regulations, by-laws, codes, orders, rulings, ordinances, and permits governing the establishment and operation of Franchisee’s Clinic including, without limitation, all laws existing as of the Effective Date as amended from time to time or similar laws enacted in the future.

“**Auto-Debit Authorization Agreement**” means the agreement in the form attached as Schedule C.

“**Bona Fide Offer**” means an offer in writing from a third party to purchase Franchisee’s Clinic pursuant to which:

(i) The transferee or assignee accepts a transfer or assignment of all or substantially all of the assets then used in connection with Franchisee’s Clinic and receives an assignment of Franchisee’s rights under the Agreement, any leases of equipment used in connection with Franchisee’s Clinic, or any ownership interests in Franchisee’s Clinic;

(ii) The Purchase Price is expressed solely as a monetary sum payable in cash, certified check, or wire transfer;

(iii) Not less than 60% of the Purchase Price is payable at closing and any remainder is paid in equal periodic installments over the lesser of three years or the remaining Term;

(iv) The sole security for payment of the Purchase Price is a purchase money security interest in the tangible assets being purchased and sold or a pledge of ownership interests by the transferee or assignee in Franchisee’s favor; provided, however, that Franchisee does not directly, indirectly, voluntarily, involuntarily, by operation of law, or otherwise sell, assign, transfer, donate, pledge, mortgage, or otherwise encumber any such assets or ownership interests or offer or attempt to do so or permit the same to be done without first obtaining BYou’s prior written consent;

(v) The underlying terms and conditions are *bona fide* and not so unique or unusual as to render it impossible for BYou to perform and observe them on a commercially reasonable basis; and

(vii) The transferee or assignee agrees in writing to pay all applicable taxes with respect to the *Bona Fide Offer*.

“**BYou**” means BYou Franchising LLC, a Florida limited liability company.

“**Clinic**” means an aesthetic medical clinic operated using the System.

“**Competitive Business**” means any business that (i) is engaged or will be engaged in the offer or sale of Products or Services or similar products or services, or (ii) directly or indirectly competes with Franchisee’s Clinic.

“**Conference**” means BYou’s annual or regional conference if BYou conducts such a conference.

“Confidential Information” means any confidential information, knowledge, know-how, or trade secrets utilized by or incorporated into the System or concerning the methods of operation of Franchisee’s Clinic including, without limitation, (i) all elements of the System and the System’s products, programs, services, and practices, (ii) the Manual, (iii) specifications for and suppliers of certain goods, services, equipment, materials, supplies, product costs, and accounting methods including, without limitation, paper and electronic spreadsheets, (iv) the operating results and financial performance of Clinics including Franchisee’s Clinic, (v) Franchisee’s client lists, client accounts, and client information whether developed or maintained by Franchisee, BYou, or with BYou’s assistance, (vi) any management tools or advertising that may be communicated to Franchisee or of which Franchisee may be apprised of by virtue of Franchisee’s operation of Franchisee’s Clinic, (vii) all procedures, systems, techniques, and activities employed by BYou or Franchisee in connection with the offer and sale of Products and Services at or from Franchisee’s Clinic, (viii) BYou’s specifications for the build-out of the Premises, (ix) additions to, deletions from, modifications to, and variations of the components of the System and the other systems and methods of operations which BYou employs now or in the future, (x) all other information, knowledge, and know-how concerning the past, present, and contemplated services and procedures relating to Franchisee’s Clinic including, without limitation, intellectual property and any client, supplier, financial, or marketing information pertaining to the System, and (xi) all other information, knowledge, and know-how that BYou or Affiliates reasonably designates as confidential.

“Corporate Office” means BYou’s corporate office located at 242 Applewood Crescent, Suite 4, Concord, Ontario L4K 4E5, Canada or any other location BYou designates.

“Daily Training Fee” means BYou’s then-current additional or supplemental retraining fee.

“Deficiency” means any amount Franchisee fails to make in connection with Franchisee’s required marketing expenditure in any given year.

“Disclosure Document” means BYou’s franchise disclosure document that was provided to Franchisee.

“Effective Date” means the date the Agreement becomes effective as described in the Preamble.

“Evaluation” means the photographing or videoing of the interior and exterior of the Premises and any portion of the Premises for any purpose.

“Franchise Assets” means all improvements, furniture, inventory, fixtures, and equipment of Franchisee’s Clinic and all of Franchisee’s accounts, contract rights, client information, vendor lists, works-in-progress, and other business assets.

“Franchisee” means _____.

“General Security Agreement” means a general security agreement in the form attached as Schedule E.

“Gross Revenues” means all gross sums collected or billed by Franchisee or BYou from all goods and services sold in connection with Franchisee’s Clinic, whether for goods or services performed or sold by Franchisee, and any other revenue related to the provision of the Services, the sale of any products including, without limitation, the Products, or any other revenue obtained in connection with the conduct and operation of Franchisee’s Clinic whether for cash, check, credit, gift cards or certificates, coupons, barter, or other means of exchange including, without limitation:

- (i) Sales from any of the Additional Services;
- (ii) The proceeds of any business interruption insurance; and

(iii) All revenues derived from Franchisee's tenants or subtenants including, without limitation, rent, and any other lease payment excluding, however, all sales, use, excise, license, or similar taxes separately billed, charged, and collected by Franchisee and remitted to any governmental authorities. Any installment or credit sale will be treated as a cash sale for the full price in the month during which the sale is made regardless of the time when payment therefor is received.

"Guarantee" means a guarantee in the form attached as Schedule A.

"Guarantor" means Franchisee's guarantor if Franchisee is a business entity.

"Initial Franchise Fee" means a \$45,000.00 fee paid by Franchisee for the right to operate Franchisee's Clinic.

"Initial Training Fee" means a \$15,000.00 fee paid by Franchisee for BYou's initial training program.

"Insufficient Funds Fee" means a \$50.00 fee paid by Franchisee if any payment to BYou is returned for insufficient funds.

"Interim Operation" means the use of one or more of BYou's employees, contractors, or agents to operate Franchisee's Clinic on Franchisee's behalf if Franchisee is in default of (i) Section 12.1 and Franchisee has failed to cure such default within the applicable time period, or (ii) Section 12.2.

"Interim Period" means any period following expiration of the Term or any renewal term during which Franchisee continues to operate Franchisee's Clinic until one party provides the other party with written notice of intent to terminate the Interim Period in which case the Interim Period will terminate 30 days after the non-terminating party's receipt of such notice.

"Key Persons" means Franchisee's key personnel including, without limitation, Franchisee's Clinic's managers and Medical Director.

"Lead Generation Fee" means a fee paid by Franchisee to third parties for lead generation or otherwise as arranged with the third parties.

"Lease" means the lease for the Premises.

"Listing Assignment Agreement" means the agreement in the form attached as Schedule G.

"Manual" means BYou's operations manual and any other written materials or directions provided to Franchisee containing mandatory specifications, standards, or procedures applicable to the System whether in hard copy or electronic format as BYou may develop, revise, withdraw, or replace them.

"Marketing Campaigns" means marketing, advertising, and promotional materials, public and consumer relations initiatives, general publicity, and any other similar programs determined by BYou.

“Marketing Contributions” means the marketing and advertising fees Franchisee pays to the Marketing Fund.

“Marketing Fund” means a fund maintained and administered by BYou where all Marketing Contributions are deposited for the benefit of the System.

“Medical Director” means the person Franchisee engages to supervise and oversee medical procedures as required by Applicable Law. Franchisee may be the Medical Director if Franchisee is a natural person with the necessary qualifications pursuant to Applicable Laws.

“Note” means any promissory note or similar instrument issued to and in favor of BYou or Affiliates.

“Notice of Intent” means a notification of BYou’s intention to exercise its rights to purchase the Franchise Assets pursuant to Section 12.7.

“Opening Date” means the date that Franchisee opens Franchisee’s Clinic for business to the general public.

“Option Period” means the 60-day period following an event described in Section 12.7(a) during which BYou may provide Franchisee with a Notice of Intent.

“Other Channels” means the sale of Products or Services anywhere in the world by or through other channels of trade including, without limitation, electronic, computerized, or other remote entry ordering systems like the Internet, direct mail, mail order catalogs, telemarketing, infomercials, airports, bus and railroad terminals, shopping malls, hotels, hospitals, universities, schools, convention centers, casinos, military bases, office buildings, business complexes, apartment buildings, condominiums, dormitories, other high density locations and similar locations, sales to wholesalers, distributors, or retailers for resale in locations such as supermarkets, convenience stores, department stores or other retail stores, co-branding relationships, and any similar outlets or distribution methods determined by BYou, and sales of the Products or Services to corporate or residential clients when such clients specifically request that the Products or Services be provided by one of BYou’s representatives.

“Permanent Disability” means any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set out in the Agreement or in the Guarantee for at least 90 consecutive days and from which condition recovery within 90 days from the date of determination of Permanent Disability is unlikely. Permanent Disability will be determined by a licensed practicing physician BYou selects. If such person refuses to submit to an examination, then such person will automatically be deemed permanently disabled as of the date of such refusal for the purpose of Section 14.1.

“Plans” means BYou’s architectural and design plans and specifications for the construction of a Clinic.

“POS System” means the point of sale system, credit and debit card processing system, associated software, and related services BYou designates for the operation of Franchisee’s Clinic.

“Premises” means the premises upon which Franchisee operates Franchisee’s Clinic identified on the Summary and any relocated premises for the operation of Franchisee’s Clinic approved by BYou.

“Prime Rate” means the then-current prime rate of interest charged by BYou’s bank to its most creditworthy commercial clients.

“Privacy Laws” means any relevant privacy laws and regulations relating to the operation of Franchisee’s Clinic.

“Products” means any products, goods, merchandise, supplies, and other items used or sold by Franchisee’s Clinic including, without limitation, the medical aesthetic and skin care products and other promotional items designated and authorized by BYou.

“Purchase Price” means the purchase price for the Franchise Assets in connection with the Termination or Transfer of the Agreement or as otherwise described in the Agreement.

“Rebate” means a referral payment, benefit, allowance, credit, fee, commission, discount, bonus, or other benefit or consideration received by BYou from product suppliers or service suppliers if Franchisee opts to retain services from such suppliers.

“Related Party” means Franchisee, Guarantors, and Franchisee’s affiliates individually, in partnership, jointly, or in conjunction with any person or entity as principal, agent, shareholder, interest owner, or other similar role.

“Released Persons” means BYou, Affiliates, related subsidiaries, and each of their respective officers, directors, shareholders, agents, employees, and any person for whom BYou or Affiliates are legally responsible.

“Releasors” means Franchisee, Franchisee’s affiliates, and each of their respective officers, directors, owners, agents, employees, and any person for whom Franchisee or Franchisee’s affiliates are legally responsible.

“Royalty” means the continuing biweekly royalty fee payable by Franchisee pursuant to Section 7.3(a).

“Security Interest” means a share certificate, security interest, chattel mortgage, debenture, mortgage, or similar encumbrance of any nature whatsoever.

“Services” means, without limitation, the correction of skin conditions, cosmetic and spa procedures, laser hair removal, body fat reduction, acne and acne scar treatment, cosmetic injections, skin rejuvenation, pigmentation removal, spider veins removal, redness and rosacea treatment, cellulite treatment, skin tightening, nail fungus treatment, microblading, treatments for reducing the signs and visibility of aging, body contouring, face contouring by cosmetic injections, hair loss treatments, the preparation, merchandising, distribution, and sale of the Products at or from the Premises in accordance with the System, and all other related services as BYou designates and authorizes in writing.

“Sublandlord” means BYou, Affiliates, or any party BYou grants the ability to enter into a binding sublease under the Lease.

“Summary” means the informational summary on the cover page of the Agreement.

“Supervisory Fee” means a fee paid by Franchisee fee equal to the lesser of (i) 20% of the total cost of construction or (ii) \$20,000.00 that Franchisee pays BYou as consideration for construction management and supervisory services performed by BYou on Franchisee’s behalf if Franchisee elects to

use its own construction suppliers instead of BYou's previously approved suppliers as of the Effective Date. Any construction suppliers used by Franchisee must be previously approved by BYou before providing services.

"System" means BYou's unique and distinctive system relating to the establishment and operation of Clinics including, without limitation, the preparation, merchandising, distribution, or sale of the Products or Services in accordance with a standard, unique, and uniform system involving the use of distinctive uniforms, special methods of achieving quality and quantity controls, confidential training, proprietary instruction materials, and operating manuals as described in the Manual.

"System Goodwill" means all goodwill or going concern value created by the Trademarks and the System.

"Tax Indemnified Parties" means parties indemnified by Franchisee with respect to claims arising from Franchisee's alleged nonpayment of any applicable taxes including, without limitation, BYou, Affiliates, and BYou's and Affiliates' respective shareholders, owners, managers, directors, officers, agents and employees.

"Technology Fee" means a monthly \$980.00 fee paid by Franchisee for expenses incurred by BYou to offer Franchisee various technologies including, without limitation, the cost of providing Franchisee with an email account and access to BYou's designated client relationship management software. The Technology Fee may be increased by BYou at BYou's discretion.

"Term" means the initial term of the Agreement specified in Section 11.1.

"Termination" means the Transfer, termination, or expiration of the Agreement for any reason.

"Territory" means the territory from which Franchisee operates Franchisee's Clinic identified on the Summary.

"Trademarks" means the trademark "BYou®" and any other trade names, trademarks, insignias, and logos as presently exist or may be determined that BYou authorizes for use in conjunction with the System including, without limitation, any domain names that identify such trademarks.

"Transfer" means any (i) sale, Transfer, assignment, pledge, mortgage, encumbrance, or other conveyance of any part of Franchisee's interest in the Agreement or the assets of Franchisee's Clinic (including by operation of law), (ii) sale, Transfer, assignment, pledge, mortgage, encumbrance, or other conveyance of any interest in Franchisee, or (iii) change in the composition of Franchisee's owners whether by operation of law or otherwise, or any amalgamation that results or could result in the change of control of Franchisee.

"Transferee" means the party receiving assets or interests as part of a Transfer.

1.2 Construction of Agreement. The provisions of the Agreement will be construed as a whole according to their common meaning and not strictly for or against either BYou or Franchisee. Except as otherwise expressly provided or unless the context otherwise requires, the following provisions govern the interpretation of the Agreement:

(a) The terms "Agreement," "hereof," "herein," "hereunder," or similar expressions refer to the Agreement as a whole and not to any particular section, paragraph, or clause unless otherwise specified;

- (b) Words importing the singular number or masculine gender include the plural number or the feminine or neuter genders and vice-versa;
- (c) All references to sections refer to sections, paragraphs, or clauses of the Agreement unless otherwise specified;
- (d) All references to Schedules refer to Schedules to the Agreement unless otherwise specified;
- (e) Words and terms denoting inclusiveness including, without limitation, “include,” “includes,” and “including” are not limited by and do not imply limitation of their context or the words or phrases that precede or succeed them;
- (f) The captions, section numbers, article numbers, and the table of contents appearing in the Agreement are inserted only as a matter of convenience and do not affect the interpretation or substance of the Agreement;
- (g) All references to time in the Agreement refer to the time in the jurisdiction in which the Premises is located unless otherwise stated;
- (h) All dollar amounts in the Agreement are in United States dollar amounts unless otherwise stated and are exclusive of any applicable taxes; and
- (i) All references to local, municipal, state, or federal statutes and regulations in the Agreement include amendments, successors, or replacements unless otherwise stated.

SECTION 2 LICENSE OF RIGHTS

2.1 Licensed Rights. Subject to the terms and conditions of the Agreement, BYou hereby grants Franchisee during the currency of the Agreement:

- (a) The right to establish and operate Franchisee’s Clinic solely at the Premises; and
- (b) A non-exclusive license to use the System and the Trademarks in relation to the operation of Franchisee’s Clinic.

During the Term and any renewal term, as long as Franchisee is not in default under the Agreement, BYou will not directly or indirectly establish, operate, or grant the license or right to any other entity to establish or operate any other franchised business identified with the Trademarks inside of the Territory except as otherwise provided for pursuant to Section 2.2. BYou’s approval of the site of the Premises is not an assurance that Franchisee’s Clinic will achieve a certain sales volume or level of profitability and only indicates that the proposed site meets BYou’s minimum site selection criteria. If the site of the Premises or the Territory is not known as of the Effective Date, Franchisee will propose a site for the Premises that meets BYou’s site selection criteria, and if BYou approves of such site, BYou will designate the Premises and the Territory on the Summary by providing Franchisee with written notice within 30 days of approval. If BYou does not define the Territory on the Summary within 30 days of approval, the Territory will be a geographic area within a circle having a radius of five miles from the Premises.

2.2 Reserved Rights. Notwithstanding anything in the Agreement to the contrary, BYou and Affiliates expressly reserve the right without compensation to Franchisee to:

(a) Establish, operate, or license a business identical or similar to Franchisee's Clinic at any location outside of the Territory to any other entity;

(b) Develop, use, or license the use of proprietary marks other than the Trademarks in connection with the operation of a program or system that offers products or services which are the same as or similar to those offered by Franchisee's Clinic and which may be a Competitive Business anywhere in the world;

(c) Develop, market, own, operate or participate in any business other than a Clinic using the Trademarks outside of the Territory or using any other trademarks anywhere in the world;

(e) Distribute or sell by BYou or through Affiliates or license other entities including, without limitation, other franchised businesses to distribute or sell products or offer services including, without limitation, the Products or Services through Other Channels anywhere in the world;

(f) Operate or grant others the right to operate a Clinic located anywhere outside of the Territory under any terms and conditions BYou deems appropriate;

(g) Acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided by Franchisee's Clinic and franchising, licensing, or creating similar arrangements with respect to these businesses once acquired anywhere in the world;

(h) Be acquired in whole or in part without regard to the form of transaction by an entity providing products and services similar to those provided by Franchisee's Clinic; and

(i) Do such things and transact such business that the Agreement does not expressly grant to or confer to Franchisee.

2.3 No Rights or Authority. Franchisee will not acquire any license, rights, or authority under the Agreement to offer or sell the Products or Services at or from any location other than at or from the Premises without first obtaining BYou's written authorization.

2.4 Representation and Warranty. Franchisee represents and warrants as follows:

(a) If Franchisee is a business entity, Franchisee is duly organized and validly existing under the laws of the jurisdiction in which Franchisee was formed;

(b) Franchisee is duly qualified and authorized to conduct business in each jurisdiction in which Franchisee will conduct business activities;

(c) If Franchisee is a business entity, Franchisee's organizational documents, each shareholders' agreement, operating agreement, or similar agreements prohibit the issuance of any additional ownership interests or the Transfer of any issued ownership interests without BYou's consent and provide that each certificate or document issued to evidence any ownership interest contains a legend disclosing the foregoing restriction;

(d) If Franchisee is a business entity, Franchisee's organizational documents, each shareholders' agreement, operating agreement, or similar agreements provide that Franchisee's activities are confined exclusively to the development and operation of Franchisee's Clinic;

(e) Execution of the Agreement and all transactions contemplated hereby are duly authorized and within Franchisee's power; and

(f) Franchisee will provide a copy of the Agreement to every person identified in Schedule D.

SECTION 3 INDEMNITY AND PERSONAL GUARANTEE

3.1 Indemnity. Franchisee will defend, indemnify, and hold BYou, Affiliates, and their respective directors, officers, employees, shareholders, members, and agents harmless from any fines, taxes, suits, liabilities, proceedings, losses, claims, charges, costs, expenses, demands, actions, and damages of any nature or kind whatsoever including, without limitation, compensatory, special, statutory, or punitive damages and their respective legal fees, and amounts paid in settlement or compromise, accountants' and expert witness fees, costs of investigation and proof of facts, court costs and orders, other litigation expenses, and travel and living expenses directly or indirectly incurred arising from:

(a) The construction, operation, maintenance, or occupancy of the Premises and Franchisee's Clinic;

(b) Franchisee's breach of or noncompliance with Agreement, the Lease, or any other agreement entered into by Franchisee or any of Franchisee's acts or omissions including, without limitation, Franchisee's alleged noncompliance with Applicable Law including, without limitation, any allegation that BYou and Franchisee are joint employers;

(c) Franchisee's failure to pay or remit any taxes including, without limitation, any income taxes or value added taxes arising out of Franchisee's operation of Franchisee's Clinic to the relevant governmental authorities when due and payable;

(d) The operation of Franchisee's Clinic or the occupancy or use by Franchisee of the Premises or any part of the Premises occasioned wholly or in part by any act, negligence, or omission by Franchisee or Franchisee's agents, contractors, employees, servants, or invitees, or by anyone permitted to be on the Premises by Franchisee, or those for whom Franchisee is legally responsible; or

(e) Franchisee's use of the System or Trademarks in any manner not in accordance with the Agreement.

BYou may take such steps as BYou deems necessary to protect BYou from such claims and Franchisee will reimburse BYou for all expenses incurred in connection therewith including, without limitation, legal fees and disbursements within ten days from the date of an invoice from BYou to Franchisee for such fees and expenses. This indemnity will continue in full force and effect following and notwithstanding Termination.

3.2 Personal Guarantee of Shareholders, Members, and Partners. If Franchisee is a business entity, Franchisee will at all times advise BYou and keep BYou current regarding the names and addresses of Franchisee's officers, directors, shareholders, members, and persons otherwise financially involved with Franchisee. Without limiting the generality of the foregoing, Franchisee will contemporaneously upon the execution of the Agreement cause each Guarantor to execute and deliver to BYou the following documents as appropriate:

(a) Schedule A (Guarantee);

- (b) Schedule B (Acknowledgment); and
- (c) Schedule D (Holders of Legal or Beneficial Interest, Officers, and Directors).

SECTION 4 TRADEMARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS

4.1 Licenses Subject to the Agreement. Franchisee's right to use the Trademarks is derived solely from the Agreement and limited to the conduct of business by Franchisee pursuant to and in compliance with the Agreement and all applicable standards, specifications, and operating procedures prescribed by BYou and in the Agreement or the Manual. Any unauthorized use of the Trademarks constitutes an infringement of BYou's rights in and to the Trademarks. Franchisee will not question ownership of the Trademarks or BYou's right to license the right to use the Trademarks to Franchisee or other parties. Franchisee will not during or after the Term and any renewal term engage in any direct or indirect conduct that may infringe upon, harm, or contest BYou's rights in any of the Trademarks or the System Goodwill associated with the Trademarks including, without limitation, any use of the Trademarks in a derogatory, negative, offensive, or otherwise inappropriate manner.

4.2 System Goodwill Inures to BYou's Benefit. Any System Goodwill occasioned by of Franchisee's use of the Trademarks or any changes Franchisee makes to the System (which may only occur with BYou's express permission) will inure to BYou's and Affiliates' exclusive benefit. Franchisee irrevocably waives any moral or other rights to such System Goodwill. The Agreement does not confer any interest in the System, Trademarks, or the System Goodwill to Franchisee.

4.3 Identification of Franchisee's Clinic. Franchisee will use the Trademarks as the sole identification of Franchisee's Clinic and Premises. Franchisee will identify itself as BYou's franchisee and as the independent owner of Franchisee's Clinic using such forms of notice as BYou requires.

4.4 Display of Trademarks. Franchisee will prominently display the Trademarks in connection with Franchisee's Clinic and in the manner prescribed by BYou from time to time in the Manual or otherwise. Franchisee will use the Trademarks in all signage, point-of-sale advertising, business cards, stationery, promotional materials, Internet, and other advertising only in the form, manner, and extent required or permitted as set out herein, in the Manual, or by BYou. BYou may introduce products or services under the Trademarks, trademarks, or labels designated by BYou and Franchisee will sell such products or services in accordance with BYou's standards and specifications.

4.5 Unauthorized Use. Franchisee will not use any of the Trademarks as part of Franchisee's corporate name, but may register a "d/b/a" or a fictitious name certificate in connection with the operation of Franchisee's Clinic after receiving BYou's written permission. Franchisee will include such notices as BYou may require for purposes of preserving BYou's interest in the Trademarks including trademark and copyright notices. Franchisee will not use any of the Trademarks as part of any Internet website or with any prefix, suffix, or other modifying words, terms, designs, or symbols or in any modified form except as otherwise authorized in the Agreement or as agreed to by BYou. Franchisee will not delegate or sublicense the right to use the Trademarks or to authorize independent contractors or any third party with whom Franchisee transacts business to use the Trademarks.

4.6 Trademark Infringement or Challenges. Franchisee will immediately notify BYou of any apparent infringement of or challenge to Franchisee's use of the Trademarks or any claim by any person of any rights in any of the Trademarks. Franchisee will not communicate with any entity other than BYou in connection with any such infringement, challenge, or claim. BYou may take such action as BYou deems appropriate and exclusively control any litigation or other proceeding arising out of any such infringement, challenge,

or claim relating to any of the Trademarks. BYou has the right to take over the defense of any action or proceeding at any time even if BYou initially declines to take over the defense. Franchisee will execute any instruments and documents, render such assistance, and do such acts and things as BYou deems advisable to protect BYou's interest in the Trademarks. If BYou deems it advisable at any time to modify or discontinue the use of any of the Trademarks or to use one or more additional or substitute Trademarks, Franchisee will comply with BYou's directions within a reasonable period of time after receipt of such directions. BYou's sole obligation in any such event is to reimburse Franchisee's reasonable out-of-pocket costs for changing Franchisee's stationery.

4.7 Termination of License. Immediately upon Termination, Franchisee will cease all use of the Trademarks and any variation or colorable imitation thereof. Franchisee acknowledges that this covenant is reasonable and necessary to protect the integrity of the Trademarks and is enforceable by interim, interlocutory, or final mandatory, injunctive, or other extraordinary relief, restraining order, decree, declaration, or otherwise by any court of competent jurisdiction.

4.8 Protection of Trademarks. BYou is not required to protect Franchisee against claims of infringement or unfair competition arising from the use of the Trademarks or defend Franchisee in any legal action arising therefrom. BYou will take such action that BYou deems appropriate under the circumstances provided that Franchisee has promptly notified BYou in writing of the facts of such claims or challenges and has used the Trademarks strictly in accordance with the provisions of the Agreement, the Manual, and all rules, regulations, directives, and procedures prescribed by BYou.

4.9 Proprietary Rights. BYou does not own any rights in or to any patents which are material to Clinics. BYou or Affiliates presently have proprietary rights in numerous item including, without limitation, the Manual, the System, advertising designs, and the like relating to the operation of Clinics which are suitable for copyright protection. BYou, Affiliates, and BYou's designees reserve all rights which BYou or Affiliates have to such items. BYou may obtain copyright registration for the Manual and any other materials as they presently exist or as they may exist in the future.

4.10 Acknowledgement. Franchisee acknowledges that (i) BYou or Affiliates own all intellectual property rights in the Manual, (ii) these rights are protected by copyright laws and international treaty provisions, and (iii) BYou or Affiliates retain all rights in the Manual not expressly granted under the Agreement.

4.11 Trade Practices. BYou has the sole rights to certain trade practices pertaining to BYou's business practices and procedures and no goodwill associated with any of the trade practices inures to Franchisee. The items of this trade practice constitute BYou's trade secrets which are revealed to Franchisee in confidence and Franchisee will not at any time attempt to use the trade practices in connection with any other entity or business in which Franchisee has a direct or indirect interest. Franchisee will not disclose, duplicate, reveal, sell, or sublicense the trade practices or any part thereof or any way transfer any rights in the trade practices except as authorized by BYou.

4.12 Improvements. Ownership of all improvements, concepts, materials, ideas, techniques, or information with respect to the System developed by Franchisee or Franchisee's employees, agents, contractors, or affiliates, whether developed separately or with BYou, are deemed to be granted to BYou immediately upon such improvement being made or developed. Franchisee will disclose such improvements to BYou as soon as they are made or developed.

4.13 Confidential Information.

(a) Franchisee will treat all information Franchisee receives that comprises part of the System as Confidential Information and Franchisee will not use such information in an unauthorized manner or disclose the same to any unauthorized person without first obtaining BYou's written consent. Franchisee acknowledges that (i) the Trademarks and the System have valuable goodwill attached to them, (ii) the protection and maintenance thereof is essential to BYou, and (iii) any unauthorized use or disclosure of the Trademarks and the System will result in irreparable harm to BYou.

(b) The Confidential Information is a valuable asset of BYou or Affiliates and includes BYou's or Affiliates' trade secrets. The Confidential Information is disclosed to Franchisee on the express condition that Franchisee and Franchisee's officers, directors, shareholders, members, partners, Key Persons, and employees who have access to the Confidential Information irrevocably agree that during and after the Term and any renewal term thereof that Franchisee and they will (i) not use the Confidential Information in any other business or capacity, (ii) maintain the absolute confidentiality of the Confidential Information, (iii) not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form, and (iv) adopt and implement all of BYou's procedures which BYou periodically requires to prevent unauthorized use or disclosure of the Confidential Information including, without limitation, requiring Franchisee's officers, directors, shareholders, members, partners, Key Persons, and employees who have access to the Confidential Information to execute non-disclosure and non-competition agreements as BYou may require and provide BYou with signed copies of each of those agreements.

(c) The restrictions on the disclosure and use of the Confidential Information do not apply to (i) information, methods, procedures, techniques, and knowledge which are or become generally known in the industry of Franchisee's Clinic other than through disclosure made by Franchisee or those for whom Franchisee is legally responsible (whether deliberate or inadvertent) and (ii) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose the information if Franchisee has (i) notified BYou before disclosure, (ii) used Franchisee's best efforts to keep the information confidential, (iii) disclosed only to the extent legally required, and (iv) has afforded BYou the opportunity to obtain an appropriate protective order or other assurance satisfactory to BYou of confidential treatment for the information required to be so disclosed.

SECTION 5 OPERATIONS MANUAL

5.1 Manual. BYou will loan a copy of the Manual to Franchisee during the Term in electronic form or such other format as BYou determines. Franchisee will maintain the necessary equipment at the Premises to access and use in a secure manner the up-to-date Manual at Franchisee's expense. Franchisee will comply with and operate Franchisee's Clinic strictly in accordance with the specifications, standards, and procedures prescribed by BYou in the Manual or as BYou otherwise communicates to Franchisee in writing. Franchisee acknowledges receipt of a copy of the Manual and will:

(a) Keep Franchisee's copy of the Manual up-to-date with replacement pages, deletions, and insertions as instructed by BYou;

(b) Acknowledge that the Manual contains proprietary information that belongs to BYou. Franchisee will keep the Manual and its contents confidential at all times during the Term, any renewal term, and at any time thereafter;

(c) Acknowledge that the Manual at all times remains BYou's exclusive property;

- (d) Promptly return all copies of the Manual to BYou upon request and in any event upon Termination;
- (e) Not copy or duplicate the Manual without BYou's prior written consent;
- (f) Allow the provisions of the to Agreement prevail if a conflict between the specifications, standards, and procedures set out in the Manual and the Agreement arises;
- (g) Acknowledge that the master copy of the Manual maintained by BYou is controlling if any dispute relating to the content of the Manual arises;
- (h) Pay BYou a \$500.00 replacement fee if Franchisee loses or misplaces the Manual or if the Manual is stolen or damaged;
- (i) Accept transmission of a copy of the Manual and any additions or modifications by e-mail, Internet, intranet, or other electronic means;
- (j) Acknowledge that BYou may establish and maintain either a series of "private" pages on BYou's Internet website or an intranet through either of which BYou, BYou's franchisees, and their respective employees may communicate with each other and through which BYou may disseminate the Manual, updates thereto, and other confidential information;
- (k) Require all of Franchisee's employees or independent contractors to strictly abide by any mandatory requirements that are set out in the Manual. To the extent any of the system standards in the Manual address employment matters, such standards are not mandatory but are merely recommendations, suggestions, or guidelines. System standards do not include any mandatory requirements regarding Franchisee's employees' wages, working conditions, hours, staffing levels, or other terms of employment, but may specify uniforms and appearance to meet brand standards; and
- (l) Acknowledge that BYou may add to, modify, withdraw from, or otherwise revise the Manual and systems for all franchisees uniformly and on a non-discriminatory basis whenever BYou considers such additions, modifications, withdrawals, or revisions desirable to improve or maintain the standards of the System and to effectuate the efficient operation or to protect or maintain the System Goodwill or to meet the demands of competition provided that no such revisions unreasonably alter Franchisee's fundamental rights under the Agreement and are made in good faith and in accordance with reasonable commercial standards.

SECTION 6 TRAINING

6.1 Initial Training. BYou will provide one Guarantor and up to three of Franchisee's Key Persons with Franchisee's initial training program without charging Franchisee any fee in addition to the Initial Training Fee. The initial training program will occur at the Premises, the Corporate Office, at an existing Clinic location, the operating location of an Affiliate or service provider, or such other location BYou may designate for the periods enumerated in the Manual. Franchisee will bear all costs and daily living expenses including, without limitation, travel costs, accommodation costs, transportation costs, wages, living expenses, and other miscellaneous expenses for the attendees. If Franchisee desires BYou to train more than the four persons noted above or if it becomes necessary to retrain a certain individual, BYou will charge Franchisee the Daily Training Fee. Franchisee's Key Persons must complete the initial training program to BYou's satisfaction before Franchisee's Clinic opens to the public, but in no event later than

the earlier of (i) 30 days before the opening or (ii) 120 days after the Effective Date. Franchisee's Clinic must be operated and supervised only by persons that have successfully completed all training as specified by BYou to BYou's reasonable satisfaction.

6.2 Training of New Key Persons. Any new Key Person Franchisee engages must comply with BYou's training requirements within a reasonable time as specified by BYou. BYou may train the new Key Persons at any location BYou designates. Franchisee will not permit the management of the Franchisee's Clinic's operation by a person who has not successfully completed all applicable training BYou requires to BYou's reasonable satisfaction. Without limiting the generality of the foregoing, Franchisee may send additional managers or employees for initial training or any subsequent mandatory or optional training provided that (i) BYou determines that space is available, (ii) Franchisee pays the Daily Training Fee per person per day, and (iii) Franchisee bears all costs and daily living expenses including, without limitation, travel costs, accommodation costs, transportation costs, wages, living expenses, and other miscellaneous expenses for the attendees.

6.3 Additional Training Upon Default. If Franchisee is given notice of default and the default relates to Franchisee's failure to meet any operational standards, BYou may require as a condition of curing the default that Franchisee and Franchisee's Key Persons comply with any additional training requirements BYou prescribes at Franchisee's expense including, without limitation, payment of the Daily Training Fee.

6.4 Failure to Complete Initial Training or to Commence Operations. If Franchisee or any of Franchisee's Key Persons (i) fail to complete the initial training program to BYou's satisfaction by the earlier of 30 days prior to the opening of Franchisee's Clinic or 120 days after the Effective Date, or (ii) Franchisee's Clinic fails to commence operations within 240 days after execution of the Agreement, BYou may terminate the Agreement upon written notice to Franchisee or require Franchisee to substitute any of Franchisee's Key Persons with another person and arrange for such substitute Key Person to complete the initial training to BYou's reasonable satisfaction.

6.5 Conferences. BYou may host a Conference from time to time and Franchisee will attend such Conference at a location determined by BYou. BYou may charge a fee for any Conference at BYou's discretion. Franchisee will be responsible for all associated travel, accommodation, transportation, living, salary, and miscellaneous expenses.

6.6 Additional, Supplementary, and Special Training. BYou or Franchisee may determine that any of Franchisee's Key Persons or other personnel are required to undergo additional, supplementary, or special training at any time during the Term. If such a determination is made, BYou may charge Franchisee the Daily Training Fee per person per day and require Franchisee to reimburse BYou for BYou's associated travel, food, and lodging expenses.

6.7 Franchisee's Expenses. Franchisee will pay for related expenses incurred by Franchisee, Franchisee's Key Persons, and other personnel in connection with all training programs including, without limitation, travel, accommodation, entertainment, meal, and wage expenses associated with any training.

6.8 Language. All assistance and training provided by BYou will be conducted in English.

SECTION 7 INITIAL FRANCHISE FEE, OTHER PAYMENTS, AND REPORTING

7.1 Initial Franchise Fee. As consideration for BYou's grant of a license for the operation of Franchisee's Clinic to Franchisee, Franchisee will pay BYou the Initial Franchise Fee by electronic funds

transfer, bank draft, or certified check upon execution of the Agreement. The Initial Franchise Fee is fully earned upon receipt and non-refundable in whole or in part.

7.2 Initial Training Fee. Franchisee will pay BYou the Initial Training Fee by electronic funds transfer, bank draft, or certified check upon execution of the Agreement. The Initial Training Fee is fully earned upon receipt and non-refundable in whole or in part.

7.3 Royalties, Marketing Contributions, and Local Advertising. As further consideration of the grant of a license to operate Franchisee's Clinic, Franchisee will:

(a) Pay biweekly continuing Royalties in an amount equal to the greater of (i) 7% of Gross Revenues from the preceding calendar month during the Term, or (ii) \$500.00. Royalties are due and payable every other Thursday and based on Gross Revenues of the preceding two-week period. Royalties are non-refundable. If Franchisee's records and procedures are insufficient to substantiate Franchisee's Gross Revenues to BYou, BYou may (i) estimate Franchisee's Gross Revenues for the applicable period pursuant to Section 7.11 of the Agreement and Franchisee will immediately pay BYou in accordance with that section any amount BYou determines to be owing by Franchisee for any Royalties due to BYou from Franchisee's understatement of Gross Revenues, or (ii) charge Franchisee \$500.00 at BYou's discretion.

(b) Pay Marketing Contributions equal to 3% of Gross Revenues from the preceding calendar month if a Marketing Fund exists. Marketing Contributions are payable by the seventh calendar day after the end of the previous month and based on Gross Revenues of the preceding month. Marketing Contributions are non-refundable. If Franchisee's records and procedures are insufficient to substantiate Franchisee's Gross Revenues to BYou, BYou may estimate Franchisee's Gross Revenues for the applicable calendar month or months pursuant to Section 7.11 of the Agreement and Franchisee will immediately pay BYou in accordance with that section any amount BYou determines to be owing by Franchisee for any Marketing Contributions due to BYou from Franchisee's understatement of Gross Revenues. BYou may institute a minimum monthly Marketing Contribution in addition to or in lieu of the Gross-Revenues-percentage-based Marketing Contribution at BYou's discretion in the future.

(c) In addition to any Marketing Contributions that Franchisee is required to make, Franchisee will:

(i) Use Franchisee's best efforts to promote and advertise Franchisee's Clinic and conduct such local marketing, advertising, and promotional programs as BYou determines. Without limiting the generality of the foregoing, on an annual basis Franchisee will spend on approved local marketing, advertising, and promotions in the Territory no less than an amount equal to the aggregate of (i) 2% of Gross Revenues each year, and (ii) such amounts as Franchisee may be required to spend for such purposes by the Lease. Franchisee will provide BYou with adequate documentation demonstrating that Franchisee has made these expenditures and an accounting of the monies that Franchisee has spent for approved local marketing upon BYou's request. If Franchisee has a Deficiency for any given year, BYou may contribute the amount of the Deficiency to the Marketing Fund and invoice Franchisee for this amount plus to a 15% administrative fee which total amount is payable by Franchisee to BYou within five days of Franchisee's receipt of BYou's invoice; and

(ii) Contribute the amount determined collectively by the members of any local advertising cooperative approved by BYou which cooperative will consist of all franchised and company-owned units within a designated area. Without limitation, on receipt of notice from BYou that a cooperative has been formed which includes the Territory, Franchisee will participate as a member of such cooperative; provided, however, that any required contribution exceeding 2% of Gross Revenues for any specified period must be approved by the affirmative vote of two-thirds of the cooperative members attending in person or

voting by proxy at a duly constituted meeting. Franchisee's contributions to any cooperative will be credited towards Franchisee's required annual expenditures pursuant to Section 7.3(c)(i).

(d) Not divert any business or take any other actions or fail to take any actions that would have the effect of reducing Gross Revenues and use Franchisee's best efforts to maximize Gross Revenues.

All the foregoing payments payable to BYou or Affiliates will be paid to BYou or Affiliates without any prior demand, set off, compensation, or deduction whatsoever.

7.4 Telephone Equipment, Internet Access, and Uniforms. Franchisee will pay for all associated costs for the set up, maintenance and ongoing use of Franchisee's telephone equipment and Internet access. Franchisee will purchase BYou's standard uniforms to be worn by Franchisee's personnel from BYou or BYou's approved suppliers. While working in Franchisee's Clinic, all of Franchisee's employees will be neat and clean in appearance and wear such uniforms as may be specified in the Manual for the purpose of presenting a uniform image.

7.5 Transfer Fee. Franchisee will pay BYou a non-refundable transfer fee in accordance with Section 13.3(f).

7.6 Renewal Fee. Franchisee will pay BYou a non-refundable renewal fee in accordance with Section 11.2(e).

7.7 Lead Generation Fee. Franchisee will pay third parties the Lead Generation Fee.

7.8 Technology Fee. Franchisee will pay the Technology Fee every month during the Term after Franchisee's Clinic is ready to open for business. The Technology Fee is due and payable on the seventh day of the month immediately following the Effective Date and on the seventh day of each month thereafter. The Technology Fee is non-refundable. BYou may increase the Technology Fee or institute an additional reasonable fee for support services related to technology upon giving Franchisee 30 days' advance written notice. Routine technological support will not include support for any hardware or software obtained by Franchisee from third party suppliers (whether or not required for use in Franchisee's Clinic) nor the replacement or upgrading of Franchisee's computer hardware or software.

7.9 Insufficient Funds Fee. BYou may charge Franchisee the lesser of (i) \$40 or (ii) the maximum amount allowed by law for any payment returned for insufficient funds.

7.9 Electronic Withdrawals and POS System. Franchisee will:

(a) Pay all fees Franchisee owes pursuant to the Agreement in the manner BYou determines that may include payment by bank draft, certified check, credit card, automatic electronic bank account withdrawal (otherwise known as electronic funds transfer or EFT), or as BYou may otherwise direct in writing. Franchisee will execute all documents and consents including, without limitation, BYou's then-current form of Auto-Debit Authorization Agreement for payments to be made by electronic funds transfer to enable BYou to automatically withdraw money from Franchisee's bank account to remit any amounts Franchisee owes to BYou pursuant to the Agreement or any other agreement. A copy of the current form is attached as Schedule C;

(b) Participate in such other preauthorized payment plans, computerized point of sale systems, credit verification systems, electronic funds transfer systems, automatic banking systems, or other similar plans or systems as BYou may from time to time require to facilitate Franchisee's payment of all amounts

owing to BYou pursuant to The Agreement by automatic bank transfer or similar process or procedure. In order to participate in any such plans or systems, Franchisee will, at Franchisee's cost, do all things necessary in order to implement and maintain such plans or systems; and

(c) Install and maintain the POS System at Franchisee's sole expense. Franchisee will pay such amounts to BYou or third parties as may reasonably be required to maintain the POS System and any associated administrative costs not otherwise included as part of the Technology Fee. Franchisee will purchase, install, maintain, and keep in continuous operation at Franchisee's sole expense such telephone, Internet, or other connections and communications devices BYou designates to permit the POS System to operate and allow BYou to monitor sales and other activities at the Premises. Franchisee will upgrade and update the POS System at Franchisee's sole expense to remain in compliance with BYou's specifications. BYou will have the right to engage in such electronic or manual monitoring and related activities to ensure that Franchisee is in conformance with BYou's requirements and the requirements of the Agreement. Franchisee will comply with all relevant privacy laws including, without limitation, by obtaining all required consents from Franchisee's clients to allow Franchisee to transmit or otherwise share personal information obtained from such clients with BYou.

7.10 Financial Statements and Reports. Franchisee will keep all books and records and submit all statements and reports to BYou as specified in the Agreement or as BYou otherwise requires. Such statements and reports will be prepared in the form BYou designates. Without limiting the generality of the foregoing, Franchisee will submit to BYou by electronic or other means:

(a) A written report of the Gross Revenues for each calendar month within five days of the end of such calendar month;

(b) A written report of profit and loss for each calendar quarter within 15 days of the end of such calendar quarter;

(c) A financial statement for each fiscal year that includes, without limitation, a detailed balance sheet, a statement of profit and loss, and a statement of cash flows prepared by an independent chartered professional accountant or bookkeeper satisfactory to BYou showing the results of Franchisee's Clinic's operations during such fiscal year within 90 days of the end of such fiscal year. Franchisee will certify to BYou that all such financial information is true and accurate;

(d) A copy of all financial and other reports and statements required to be provided under the Lease including, without limitation, a copy of all rental statements and related communications received by Franchisee from the landlord upon BYou's written request;

(e) Such other forms, reports, records, information, or data as BYou reasonably requires including, without limitation, completed labor schedules, payroll records, and inventory purchase invoices upon BYou's written request;

(f) Any information BYou requests in order to prepare a financial performance representation for BYou's franchise disclosure document; and

(g) A report detailing Franchisee's investment costs to develop and open Franchisee's Clinic within 120 days following the opening of Franchisee's Clinic with costs allocated to the categories BYou directs and such other information as BYou requests.

Notwithstanding the foregoing, BYou has the right to change the reporting periods or the times within which Franchisee must submit the required financial information statements and records as specified

above. The reports and information described above are only for BYou's information and BYou has no obligation to review them or to report back to Franchisee.

7.11 Failure to Report Gross Revenues. If Franchisee fails to report Franchisee's previous month's Gross Revenues as required, Franchisee authorizes BYou to estimate such Gross Revenues and deduct such amount from Franchisee's bank account for the relevant month together with applicable taxes. The estimated Gross Revenues for any particular month will be equal to the previous month's Gross Revenues as reported or estimated plus 10% of such amount. If the actual Gross Revenues for any month differ from the estimated Gross Revenues, the correct fees based on actual Gross Revenues will be adjusted as soon as the actual Gross Revenues are known. If the amount paid is less than the amount owing, BYou may withdraw the difference together with interest thereon from the due date as herein provided from Franchisee's bank account. If the amount paid exceeds the amount owing, the difference without any interest thereon will be credited to the amount owing by Franchisee for fees for the following month. If Franchisee fails to report actual Gross Revenues for the first month in which Franchisee conducts business at the Premises, the estimated Gross Revenues for such month will be such amount as BYou determines.

BYou may levy a reasonable administrative fee upon Franchisee if Franchisee does not provide BYou with all required financial and other reports set out in this Section 7.11 including, without limitation, the financial statements and reports referred to in Section 7.10, and all information regarding the Royalties, Marketing Contributions and local marketing and advertising, with such fee to be paid via electronic withdrawal as set out in Section 7.9. If any of the reports or other information required to be given to BYou or Affiliates in accordance with the Agreement or any other agreement between BYou, Affiliates, and Franchisee are not received by BYou or Affiliates by the required deadline, BYou may charge Franchisee a late submission fee equal to \$300.00 per occurrence which amount is a genuine estimate of BYou's administrative cost of handling such matters and not a penalty.

Notwithstanding the payment of Royalties and Marketing Contributions through the use of estimated Gross Revenues, Franchisee's failure to report actual Gross Revenues in accordance with the Agreement or to provide the financial statements or reports referred to in Section 7.11 will constitute a default hereunder entitling BYou to take action under Section 12 or otherwise as BYou may consider appropriate. The remedies contained in this Section 7.11 will be in addition to any other remedies BYou or Affiliates may have at law or in equity.

7.12 Fiscal Year End. Franchisee will cause the fiscal year end of Franchisee's Clinic to fall on December 31 of each calendar year. If requested by BYou at any time during the Term or any renewal term, Franchisee will take such steps as may be necessary to change Franchisee's fiscal year end to the year end BYou specifies.

7.13 Maintenance of Financial Records and Record Keeping Systems. Franchisee will maintain and keep at the Premises all books and records for Franchisee's Clinic for at least six years following the end of the fiscal year to which such books and records relate. Franchisee will use accounting, recordkeeping, and reporting systems with such computer or communications equipment and software as BYou may specify at Franchisee's expense which systems may permit BYou to directly access Franchisee's accounting and reporting data and all other related information.

7.14 Examination of Records. BYou or BYou's authorized representatives may examine, audit, and make copies of all financial books, records, statements, accounts, documents, and other material maintained by Franchisee in connection with Franchisee's Clinic at BYou's cost and expense. BYou may enter the Premises or any other premises where such records are kept without notice to Franchisee. Notwithstanding the foregoing, if any such examination or audit discloses that:

(a) Gross Revenues have been understated in any report delivered by Franchisee to BYou by more than 2% or if an examination or audit determine that Franchisee's accounts and records are not in compliance with the terms of the Agreement, then Franchisee will bear all of the costs of such examination or audit. Upon notification of the Royalties and Marketing Contributions owing as determined on the basis of such examination or audit, Franchisee will pay to BYou an amount equal to any deficiency in the Royalties and Marketing Contributions actually paid to BYou with any interest due and payable to BYou pursuant to Section 7.15; or

(b) Any other accounts have been misstated by more than 2% in any report delivered by Franchisee to BYou, then Franchisee may be required to conduct a review or audit of the financial statements for Franchisee's Clinic by a firm of independent chartered professional accountants (or their equivalent) at BYou's discretion and Franchisee's expense.

7.15 Delinquent Payments and Fees. Franchisee will pay all fees payable to BYou or Affiliates in a timely manner. Any payment or fee not received on time will bear interest at a rate equal to the greater of 18% per annum or the highest rate permitted by applicable law from the due date until the date received by BYou or Affiliates.

7.16 Cost of Accounting and Bookkeeping Services. The cost of accounting and bookkeeping services required for Franchisee's Clinic is Franchisee's responsibility and may vary substantially depending upon various factors including, without limitation, Franchisee's need for such services.

7.17 Use of Franchisee's Financial Statements and Records. Notwithstanding anything to the contrary in the Agreement, Franchisee irrevocably authorizes BYou to use any information, statement, report, or other material provided by Franchisee to BYou pursuant to the Agreement or otherwise obtained by BYou regarding Franchisee's Clinic for any purposes BYou may reasonably require including, without limitation, the disclosure of such financial information to governmental authorities to satisfy the statutory disclosure requirements of any jurisdiction and to other franchisees and prospective franchisees of the System.

7.18 Taxes. Prior to opening Franchisee's Clinic to the public, Franchisee must obtain all required federal, state, municipal, and other required government certifications, permits, and licenses, and furnish to BYou copies of all such required permits and licenses with evidence of registration for applicable taxes. Any amounts expressed as being payable by Franchisee pursuant to the Agreement are exclusive of any applicable taxes. Franchisee will promptly pay and remit to BYou when due all taxes levied or assessed by reason of Franchisee's operation and performance under the Agreement or that may now or hereafter be payable in connection with the Initial Franchise Fee, Royalties, Marketing Contributions, or any other payment required by the Agreement. The term "taxes" in this Section 7.18 means any present or future taxes, levies, imposts, duties, or other charges of whatever nature including any value-added, sales, goods and services tax, state sales tax, harmonized sales tax, any other tax required by law, and all other taxes and expenses of operating Franchisee's Clinic and any interest or penalties thereon imposed by any government or political subdivision of such government on or relating to the operation of Franchisee's Clinic, the payment of monies, or the exercise of rights granted pursuant to the Agreement.

The parties will use their mutual best efforts to secure any exemption from or reduced rate of withholding or other tax (whether available under a tax treaty, statute, or regulation) with respect to any payments to BYou or Affiliates, and to provide the other party or governmental authority such information on tax forms or other filings as required to secure any such exemption or reduced rate of withholding tax. If any withholding or other Tax is applicable and lawfully imposed by any governmental authority, Franchisee will timely (i) pay the applicable withholding or other taxes on the fees on BYou's behalf in a timely manner, (ii) file the required tax reporting forms and returns, (iii) provide BYou with tax receipts

for the tax payments and true copies of the forms filed; and (iv) and remit the net amount of the fees to BYou or Affiliates as appropriate.

Franchisee is responsible for and will indemnify, defend, and hold the Tax Indemnified Parties harmless from and against any penalties, interest, costs, and expenses (including reasonable legal fees) incurred by or assessed against the Tax Indemnified Parties as a result of any failure or breach of Franchisee's obligations under this Section 7.18. Franchisee will fully and promptly cooperate with BYou to provide any information or records any Tax Indemnified Party requests in connection with any application or filing by any Tax Indemnified Party to any governmental authority or any information request, inquiry, or tax audit from a governmental authority with respect to the Agreement or the relationship between Franchisee and the Tax Indemnified Parties.

7.19 Withholding Payment and Set Off. Franchisee will not withhold payment of any amount due to BYou or Affiliates whatsoever on the grounds of alleged non-performance on BYou's part of any of BYou's obligations or any other reason. No endorsement or statement on any check or payment of any sum less than the full sum due to BYou will be construed as an acknowledgment of payment in full or an accord and satisfaction and BYou may accept and negotiate such check or payment without prejudice to BYou's right to recover the balance due or pursue any other remedy provided herein or by law. BYou has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as BYou deems appropriate. BYou may set off against any of Franchisee's outstanding debts any payment due to Franchisee hereunder and may pay Franchisee's trade creditors out of any sum otherwise due to Franchisee at BYou's discretion.

7.20 Legal Fees. If BYou is required to enforce any provision of the Agreement against Franchisee at any time or if any amounts due from Franchisee to BYou or Affiliates are at any time collected by or through legal action, Franchisee will be liable to BYou for all associated costs and expenses of enforcement and collection including, without limitation, court costs, legal fees, and disbursements. If BYou or Affiliates are made a party to any litigation commenced by or against Franchisee, Franchisee will indemnify and hold BYou and Affiliates harmless against any losses, damages, or claims whatsoever arising therefrom and pay all associated costs and expenses including, without limitation, court costs, legal fees and disbursements, accountant and expert witness fees, costs of investigation, and travel and living expenses incurred or paid by BYou in connection with such litigation.

7.21 Call Center Fees. Franchisee may use BYou's call center for appointment scheduling services at Franchisee's option. If Franchisee chooses to use BYou's call center, Franchisee will pay BYou's then-current lead rate which is currently \$2,000.00 per month plus an 8% commission on the Gross Revenues generated by the call center on Franchisee's account. BYou will not charge any fees for Franchisee's use of the call center for a period of two months following the date Franchisee's Clinic opens for business.

7.22 Medical Director Fees. Franchisee will be required to engage a Medical Director. The Medical Director will supervise and oversee medical procedures as required by Applicable Laws. The Medical Director will be the first point of contact for any medical issues that may arise. Franchisee will compensate the Medical Director as arranged between Franchisee and the Medical Director.

7.23 Privacy Laws. Franchisee will comply with all Privacy Laws by:

(a) Obtaining all required consents from Franchisee's clients to allow Franchisee to transmit and share personal information obtained from such clients with BYou;

(b) Cooperating with BYou to ensure BYou's access to this information as BYou may request;

- (c) Complying with all of BYou's requirements regarding Privacy Laws as required by the Manual;
- (d) Refraining from putting BYou or Affiliates in breach of any of the Privacy Laws;
- (e) Doing and executing any act, document, or thing necessary or desirable to keep BYou and Affiliates in compliance with any of the Privacy Laws; and
- (f) Permitting BYou and Affiliates to use any data or other information in compliance with the Privacy Laws gathered concerning Franchisee and Franchisee's affiliates in connection with the establishment and operation of Franchisee's Clinic.

SECTION 8 SITE SELECTION, CONSTRUCTION, AND LEASING

8.1 Use of Premises. Franchisee will operate Franchisee's Clinic only from the Premises. Franchisee will not use the Premises for any other purpose than those expressly permitted by the Agreement.

8.2 Site Selection and Approval. Franchisee assumes all cost, liability, expense, and sole responsibility for locating, securing, developing, constructing, and equipping a site for the Premises unless BYou otherwise directs in writing. Franchisee's proposed site for the Premises must meet BYou's specifications and then-current site selection criteria. If the parties agree upon the location of the Premises or Territory on or before the Effective Date, such location will be out on the Summary. If the location of the Premises is not determined on or before the Effective Date, Franchisee must obtain BYou's approval of the proposed site within 180 days of the Effective Date. Franchisee acknowledges that:

- (a) Franchisee will not make any binding commitment to a prospective vendor or landlord of real estate with respect to a site for the Premises unless (i) the site is approved by BYou in writing as set out below, and (ii) any offer to lease or any renewal or amendment to any existing Lease has been submitted to and approved in writing by BYou and is subject to the provisions contained in Section 8.3 below;

- (b) The location, selection, procurement, and development of a site for the Premises is Franchisee's responsibility. In discharging such responsibility, Franchisee will consult with real estate and other professionals of Franchisee's choosing;

- (c) If a site for the Premises has not been found by Franchisee or BYou has not approved a location proposed by Franchisee at the time the Agreement is executed, BYou may assist Franchisee with Franchisee's search for a suitable location for the Premises; and

- (e) Franchisee may not relocate the Premises outside of the Territory. Should Franchisee desire to relocate the Premises within the Territory, Franchisee may only do so with BYou's prior written approval. Franchisee will reimburse BYou for any expenses incurred by BYou (including, without limitation, any legal disbursements, and administrative fees and costs) and pay BYou a \$5,000.00 relocation fee in connection with any relocation of the Premises.

8.3 Lease of the Premises and Addendum to Lease. BYou has the exclusive right to:

- (a) Negotiate for possession of the Premises and enter into a Lease for the Premises at BYou's discretion. If a Sublandlord exercises its option to enter into a binding lease, then Franchisee will enter into a sublease for the Premises with the Sublandlord within seven business days of receipt of notice from BYou. Guarantors will indemnify the Sublandlord and the landlord against any default on Franchisee's part under

the sublease. If Franchisee fails to execute and deliver an executed copy of the sublease back to the Sublandlord within such seven-day period, then BYou may terminate the Agreement by written notice to Franchisee. If requested to do so either by the Sublandlord or any landlord of the Premises, Franchisee will execute a covenant or agreement directly in favor of such landlord covenanting and agreeing to be bound by, perform, and observe all of the terms and conditions of the binding agreement to lease or any other instruments under which the right to occupy the Premises has been obtained. While the Sublandlord will attempt to secure a fair rent and lease for the Premises, under no circumstances does the Sublandlord represent or warrant that it will be the most favorable available rent and lease terms in the Territory; or

(b) Require Franchisee to enter into the Lease directly with the landlord of the Premises in a form and upon terms acceptable to BYou. Without limitation, Franchisee will ensure that the Lease entered includes the Addendum to Lease and such other terms and conditions that BYou may instruct Franchisee to include. Franchisee will comply with the obligations and restrictions contained in the Addendum to Lease. Franchisee will submit a copy of the Lease to BYou prior to agreeing to the terms of Lease with the landlord or the execution of the Lease. Franchisee will provide BYou with a fully executed copy of the Lease and any lease renewal or extension agreement upon renewal or extension of the Lease. Franchisee will not terminate or in any way alter or amend the Lease during the Term without BYou's prior written approval. Any attempt to terminate, alter, or amend the Lease is null and void and has no effect on BYou's interests thereunder and provisions to such effect must be included in the Lease. Franchisee will notify BYou in writing at least two years in advance of the expiry date of the Lease and will not renew the Lease without BYou's prior written approval which approval will not be unreasonably withheld.

8.4 No Warranty of Location or Lease and Risk Factors. Franchisee assumes ultimate and sole responsibility for selecting and accepting the location of the Premises and all terms and economics of the Lease, investigating the demographics, competitive factors, and other factors associated with the site, conducting due diligence on the Lease terms, and ultimately accepting the Lease terms. Any acceptance by BYou of a location for the Premises or Lease does not constitute an express or implied warranty of any kind regarding (i) the suitability of that location for the Premises, (ii) the potential success of Franchisee's Clinic in that location, or (iii) the Lease terms being reasonable and standard for the area in which the Premises is located. Franchisee will not make a claim against BYou regarding the location of the Premises or any other matter relating to the Lease.

Franchisee acknowledges the following:

(a) The success of the business venture contemplated herein involves substantial risk and depends primarily upon Franchisee's ability to maintain an orderly and efficient operation offering high-quality, consistent products and services, Franchisee's engagement of a well-trained staff, and Franchisee's marketing activities and efforts. Franchisee's success may depend on other competitive factors beyond Franchisee's or BYou's control and the continued viability of the location of the Premises.

(b) No guarantee, warranty, or any other express or implied written or oral assurance has been given to Franchisee. Franchisee has neither received such representations from BYou nor considered any similar representations regarding the potential success of the business venture or the volume, gross revenue, growth rate, or profits likely to be achieved by the business venture.

(c) Selecting the location for the Premises is critical to the success of the business venture and Franchisee's sole responsibility.

(d) Despite any recommendations, advice, or direct negotiating with the landlord by BYou regarding the terms and economics of the Lease, Franchisee is ultimately and solely responsible for the terms and economics of the Lease.

(e) Overall development costs may vary from BYou's estimates and increase because of local codes and regulations, permitting issues, unexpected cost increases, requirements to use more expensive union labor, regional differences in construction costs, changing market conditions for materials, equipment, labor cost, delivery charges, delays, mistakes made by suppliers, landlord requirements, or other factors. Franchisee will not hold BYou responsible for any such cost variances or increases.

(f) The risk factors, representations, and acknowledgments made in this Section 8.4 are made without duress of any kind after Franchisee has fully read the Agreement and the accompanying franchise disclosure document and had the full opportunity to consult with legal counsel of Franchisee's choice.

8.5 Failure to Obtain Lease. BYou may terminate the Agreement effective upon delivery of written notice of termination to the Franchisee if (i) Franchisee fails to obtain a fully executed Lease in a form that BYou has previously approved and a fully executed Addendum to Lease, or (ii) Franchisee is unable to obtain the written consent of the landlord of the Premises to permit Franchisee's Clinic to operate therefrom within 210 days following the execution of the Agreement. Franchisee will not be entitled to any refund of fees previously paid in such event. BYou is not responsible for any losses, costs, or expenses whatsoever incurred by Franchisee resulting from Franchisee's inability to obtain the Lease, the Addendum to Lease, or the landlord's consent.

8.6 Construction of the Premises.

(a) Franchisee will design, construct, equip, and fixture the Premises within the timetable specified by the Agreement in conformity with the Plans and in accordance with BYou's then-current System requirements at Franchisee's sole expense. Without limiting the generality of the foregoing, Franchisee will design, construct, equip, fixture, and otherwise complete the Premises (including, without limitation, by making and installing all leasehold improvements, additions, alterations, signage, fixtures, equipment, and furnishings required under the System) in order to allow Franchisee to operate Franchisee's Clinic. Franchisee will retain and contract only with the design, engineering, and construction companies authorized by BYou to design, construct, and equip the Premises in conformity with the Plans and BYou's then-current System specifications and requirements. BYou may inspect the design, construction, and development of the Premises at all reasonable times. If BYou identifies instances where Franchisee's design, construction, development, or remodeling of the Premises is inconsistent with or does not comply with the Plans or System requirements, BYou will notify Franchisee in writing of the deficiencies and Franchisee will correct the deficiencies promptly and before opening Franchisee's Clinic for business. Franchisee will exclusively bear all costs and expenses pertaining to the design, engineering, construction and equipping of the Premises. BYou may provide such advice and assistance to Franchisee with designing, constructing, and equipping the Premises as BYou deems advisable. Franchisee will not open Franchisee's Clinic for business without BYou's prior written authorization that BYou may condition upon Franchisee's strict compliance with the Agreement.

Without limiting the generality of the foregoing, Franchisee will do the following at Franchisee's sole cost and expense promptly after taking possession of the Premises:

(i) Prepare and submit to BYou any proposed modifications to the Plans for BYou's review. Franchisee will not construct, equip, and fixture the Premises without first receiving BYou's written approval of any changes to the Plans;

(ii) Ensure that all applicable by-laws, building codes, permit requirements and Lease requirements and restrictions are complied with in connection with such construction;

(iii) Obtain all required building, utility, sign, health, sanitation, and business permits and licenses and any other required permits licenses and authorizations;

(iv) Purchase or lease and install all fixtures, furniture, equipment, computer hardware and software, and signage required by BYou either from BYou or BYou's designated approved suppliers and decorate the Premises in compliance with the Plans, the System and all Applicable Laws. Franchisee must only use equipment, fixtures, leasehold improvements, machinery, and signage approved by BYou in writing;

(v) Ensure that BYou's requirements regarding insurance coverage are complied with in connection with the construction and development of the Premises;

(vi) Establish computerized and manual filing, accounting, and inventory control systems conforming to requirements prescribed by BYou; and

(vii) Purchase an opening inventory of Products and supplies required for the operation of Franchisee's Clinic in accordance with BYou's specifications and requirements.

Franchisee acknowledges that:

(i) BYou's review or inspection of Franchisee's design, construction, and development of the Premises is only for the purposes of determining compliance with System standards and does not constitute an express or implied representation, warranty, or guarantee that Franchisee's design, construction, and development of the Premises are accurate or free of error concerning their structural application or are in compliance with Applicable Laws; and

(ii) BYou may receive a Rebate if Franchisee opts to retain services from contractors and construction service providers that BYou approves or recommends.

(b) Project Management Services Offered by BYou. Notwithstanding the foregoing, if Franchisee does not use construction suppliers previously approved by BYou prior to the Effective Date and submits alternative construction suppliers for BYou's approval, BYou may manage and supervise the partial or full development of the Premises including any part of the design, construction, fixturing, and equipping of the Premises in conformity with System requirements at Franchisee's expense on Franchisee's behalf on an independent consultant basis. Project management services provided by BYou may include, without limitation, (i) space evaluation, (ii) design and package layout, (iii) interior design, (iv) telephone support, (v) project management and value engineering, (vi) recommendations for architectural services, (vii) floor plan and rough sketch-ins, and (viii) layouts for the POS System and audio systems. If BYou exercises its right to manage and supervise on Franchisee's behalf:

(i) Franchisee authorizes and directs BYou to act as Franchisee's project manager and supervisor and liaise with all design, engineering, construction, or similar firms with respect to the development of any part of the Premises and act in any manner necessary to manage and supervise the construction process on Franchisee's behalf. BYou will engage with such firms to ensure compliance with BYou's mandatory and suggested specifications for a Clinic including BYou's requirements for dimensions, designs, image, interior layout, décor, fixtures, equipment, signage, furnishings, and the like. Franchisee will follow BYou's then-current Clinic development protocol. BYou may require Franchisee to obtain bids from designated consultants, contractors, and vendors in connection with the development of Franchisee's Clinic; provided, however, that Franchisee:

(y) Will be directly liable to pay all design, engineering, construction, and similar firms and all other entities with whom Franchisee directly contracts for the development of any part of the Premises; and

(z) Will indemnify and hold harmless BYou, Affiliates, and any of their directors, officers, shareholders, agents, and representatives who may perform any of the management and supervisory services contemplated herein for any actual or consequential losses, liabilities, taxes, or damages and all costs and expenses of defending any claim brought against such parties arising from or in connection with the construction of the Premises. This indemnity continues in full force and effect subsequent to and notwithstanding Transfer or Termination for any reason. Any part of such management and supervisory services may be performed by such person or persons as BYou retains on Franchisee's behalf including, without limitation, persons or entities affiliated with BYou or Affiliates.

(ii) BYou is not obligated to solicit competitive bids for any work performed or equipment or merchandise supplied in connection with such management and supervisory services performed by BYou; and

(iii) Franchisee will pay BYou the Supervisory Fee as consideration for the management and supervisory services performed by BYou on Franchisee's behalf.

(c) Equipment Guarantees or Warranties. Any guarantees or warranties regarding the performance and function of any of the equipment selected for use in the Premises are limited to those provided by the manufacturer or supplier of such equipment.

8.7 Condition and Appearance of the Premises. Franchisee will maintain, renovate, and decorate the Premises throughout the Term in accordance with BYou's designs, plans, and specifications as outlined in the Manual or otherwise communicated to Franchisee in writing by BYou at Franchisee's sole expense. Franchisee will not alter the structure, design, layout, colors, wall coverings, or appearance of the Premises without BYou's prior written approval.

8.8 Repair and Refurbishment of Franchisee's Clinic. Franchisee will carry out such refurbishing and renovating of Franchisee's Clinic as BYou reasonably requires during the Term and as a condition of renewal. Without limiting the generality of the foregoing, Franchisee will:

(a) Maintain the condition and appearance of Franchisee's Clinic consistent with the then-current image of the System as an attractive, modern, clean, and efficiently-operated business offering high quality products and services in a prompt, courteous and professional manner;

(b) Effect such maintenance of and repairs to the Premises as is reasonably required on a regular basis and maintain such condition and appearance including, without limitation, the signage, interior and exterior decor items, fixtures, furnishings, supplies and other items required for the operation of Franchisee's Clinic;

(c) Repair worn out or obsolete equipment, refresh and redecorate or repair the Premises in accordance with the then-current image of the System if at any time the general state of repair or the appearance or cleanliness of Franchisee's Clinic, equipment, or decor do not meet the then-current image of the System or System standards in BYou's reasonable opinion and BYou so notifies Franchisee;

(d) Not make or cause to be made any alterations to the interior or exterior of Franchisee's Clinic so as to modify the appearance thereof or any alterations or replacements of any of the leasehold

improvements, fixtures, or equipment of Franchisee's Clinic without first having obtained BYou's written approval; and

(e) Renovate, modernize, refurbish, or otherwise upgrade Franchisee's Clinic to reflect the then-current image of the System and System standards within 90 days of receiving notice from BYou requiring such renovation, modernization, refurbishment, or upgrade in accordance with plans, designs, and specifications approved by and supplied by BYou.

8.9 Failure to Repair or Refurbish. If Franchisee fails or refuses to initiate any required cleaning, maintenance, replacement, redecorating, renovation, or repair within 30 days after receipt of BYou's notice to Franchisee of Franchisee's noncompliance with this Section 8.9 or fails to diligently continue a good faith and continuous effort to complete any such cleaning, maintenance, replacement, redecoration, renovation or repair, BYou will have the right, but not the obligation, to enter upon the Premises and effect such cleaning, maintenance, replacement, redecoration, renovation, or repair on Franchisee's behalf and Franchisee will pay to BYou the entire cost of such work plus a sum equal to 15% of the cost such cleaning, maintenance, replacement, redecoration, renovation or repair upon demand.

SECTION 9 OBLIGATIONS OF FRANCHISEE

9.1 Grand Opening. Franchisee will conduct a grand opening advertising, marketing, and promotional program for Franchisee's Clinic during the period commencing 14 days before and ending 90 days after Franchisee's Clinic opens and spend a minimum of \$3,000.00 for the grand opening program. Franchisee will provide BYou with a summary of Franchisee's anticipated grand opening expenditures at least 30 days before Franchisee's Clinic opens. Franchisee will obtain appropriate third party services and purchase the necessary materials to assist Franchisee in planning and conducting grand opening advertising, publicity, and public relations as BYou designates or approves.

9.2 Products, Services and, Pricing. Recognizing that all the Products and Services to be used and offered by Franchisee's Clinic must conform to BYou's standards and specifications, Franchisee will:

(a) Purchase all Products, Services, and all items required for the operation of Franchisee's Clinic including, without limitation, fixtures, furnishings, furniture, equipment, signage, lighting, uniforms and other supplies and services only from BYou or from suppliers approved or designated by BYou. Such suppliers may include any Affiliate who demonstrates the ability to meet BYou's then-current standards and specifications. Franchisee may only sell the Products and Services according to the standards and specifications set out in the Manual or as provided in Section 9.3;

(b) Sell or offer for sale all Products and Services and only the Products and Services which have been approved for sale by BYou in writing. BYou may make such modifications to those items from time to time and Franchisee will immediately comply with all such modifications. If Franchisee desires to sell an unauthorized item, Franchisee will not do so until BYou has given Franchisee written authorization to do so. Such authorization may be arbitrarily withheld by BYou, withdrawn on 30 days notice, or withdrawn immediately in the event of any health issue relating thereto. Where authorization is given by BYou to sell items other than Products or offer services other than the Services, such other items or services will not be used or associated with any Trademarks unless Franchisee obtains specific written authorization to do so in advance from BYou;

(c) Maintain at the Premises at all times a sufficient inventory of all Products to ensure that such items are available to clients at all times. Franchisee will place all orders for supplies with BYou or suppliers that BYou designates with sufficient time to enable such orders to be filled within a reasonable

time without detriment to the operation of Franchisee's Clinic. Franchisee's orders will be made and filled on such terms including, without limitation, price as BYou or BYou's designated suppliers advise are applicable from time to time. Neither BYou nor BYou's designated suppliers will be liable for any delay in or failure to deliver supplies resulting from any cause beyond their reasonable control;

(d) Immediately discontinue selling and offering for sale any Products or Services that BYou may disapprove of at any time;

(e) Not solicit or provide Products or Services to clients outside of the Territory provided that Franchisee may respond to any communications from any prospective clients from outside of the Territory; and

(f) Subject to the requirements of applicable law, sell or offer for sale all Products and Services at the specified retail price or in accordance with the minimum or maximum retail prices established by BYou. Where no retail price or maximum or minimum price has been specified or established by BYou with respect to a particular Product or Service, Franchisee may sell such Product or Service at any reasonable price. Franchisee will offer and participate in any retail program advertised by BYou to the public as available at other Clinic locations including, without limitation, those retail programs that specify one or more Products or Services at a particular price. Retail prices and specified maximum or minimum prices for Products or Services may vary from region to region to the extent deemed necessary by BYou in order to reflect differences in costs and other factors applicable to such regions. Notwithstanding the foregoing, any promotional discounts that Franchisee desires to offer must be approved by BYou before being put into effect.

(g) If Franchisee desires to use an alternate supplier that has not been approved for use by BYou, Franchisee will submit a request to use the alternative supplier to BYou. BYou has sole discretion to approve or reject an alternative supplier. BYou may require Franchisee to submit sufficient photographs, drawings, or other information and samples to determine whether these goods, products, services, supplies, inventory, equipment, materials, non-designated manufacturers, suppliers, and distributors meet BYou's general standards. BYou does not currently charge a fee for this review process, but may do so in the future. BYou will provide Franchisee with written notification of approval or disapproval of any proposed alternative supplier within 14 days after BYou's receipt of Franchisee's request. If BYou fails to notify Franchisee of approval within the 14-day period, the proposed alternative supplier will be deemed unapproved. BYou may grant approvals of new suppliers or revoke approvals of current suppliers upon written notice to Franchisee or Manual updates at BYou's discretion.

9.3 Standards of Operation. Franchisee will at Franchisee's sole cost and expense:

(a) Follow only BYou's practices as described in the Manual or as BYou may designate;

(b) Meet and observe BYou's quality controls and specifications with respect to the Products and will at all times maintain BYou's standards as required by BYou's operating procedures set out in the Manual or as BYou may otherwise direct in writing;

(c) Honor all credit card services that BYou authorizes in the Manual. Franchisee will issue, participate in, and offer all System coupons, loyalty cards, gift cards, gift certificates, discounts, and other promotions (including, without limitation, contests) in accordance with marketing programs BYou establishes and honor the coupons, loyalty cards, gift cards, gift certificates, discounts, and other promotions issued by other franchisees under any such program;

(d) Conform to BYou's methods and standards regarding safety, sanitation, maintenance, cleanliness, function, and appearance with respect to the Premises and Franchisee's Clinic;

(e) Use and retain BYou's standard forms;

(f) Purchase and use illuminations, signage, posters, and displays that comply with BYou's standards and specifications;

(g) Not pledge, mortgage, hypothecate, give, create as security for an obligation, or in any manner encumber the Agreement, Franchisee's assets, or Franchisee's Clinic except with BYou's express prior written consent; and

(h) Maintain a smoke-free environment within the Premises at all times and display such non-smoking signs in such places as BYou may designate from time to time.

In addition to the standards explicitly referenced above, Franchisee will not deviate from any of BYou's other standards as determined by BYou at BYou's discretion.

9.4 Full Time Effort and Supervision. At least one Guarantor will at all times devote full time, attention, and best efforts to the management and operation of Franchise's Clinic except to the extent that BYou specifically agrees otherwise in writing. Franchisee may hire a manager from one of Franchisee's Key Persons to assist in managing the day-to-day operations of Franchisee's Clinic. Any Key Person or replacement Key Person whom Franchisee hires must be approved by BYou and complete BYou's training as described in Section 6. The use of a manager in no way relieves Franchisee of Franchisee's obligations to comply with the Agreement and ensure that Franchisee's Clinic is properly operated in accordance with the Agreement.

9.5 Hours of Operation. Franchisee will keep Franchisee's Clinic open for business on those days and during those hours that BYou designates in the Manual or otherwise subject to Applicable Laws and provisions of the Lease. Any variation from these days or hours must be approved in advance by BYou in writing.

9.6 Media Communications. Franchisee will not make any television, radio, or other media appearance or make any statement to any media in connection with the System, the Trademarks, or Franchisee's Clinic without first obtaining BYou's written consent, hold itself out to be BYou's representative or agent, or indicate that Franchisee is expressing any views on the behalf of BYou or the System.

9.7 Advertising and Marketing.

(a) BYou may make available to Franchisee all advertising, marketing, signage, and promotional materials for Franchisee's Clinic that are used by BYou or other franchisees. As part of Franchisee's advertising and marketing efforts, Franchisee will purchase and maintain newspaper advertisements, flyers, brochures, coupons, direct mail pieces, radio advertising, television advertising, Internet web pages, and other advertising that promote Franchisee's Clinic from either BYou or BYou's approved suppliers.

(b) Franchisee will use and display in Franchisee's Clinic all (i) product identification materials, (ii) point-of-purchase promotional materials, (iii) promotional memorabilia, merchandise, and prizes, and (iv) other advertising and marketing materials BYou creates or authorizes for use. If not provided to Franchisee as part of Franchisee's contribution to the Marketing Fund, Franchisee will purchase these materials from BYou or a source designated or approved by BYou.

(c) Franchisee may develop advertising and marketing materials for Franchisee's own use at Franchisee's expense provided that such materials are prepared in accordance with BYou's standards and specifications and that Franchisee obtains BYou's approval of such advertising and marketing materials in writing at least ten days prior to use. BYou will notify Franchisee of BYou's approval or disapproval of such advertising and marketing materials within five working days after submission by Franchisee for BYou's review. If BYou fails to respond to Franchisee within the five-working day period, approval will be deemed to have been withheld.

(d) Franchisee will obtain BYou's prior written approval of all promotions, special events, sales promotion materials, marketing, or advertising used by Franchisee (including, without limitation, on-site, Internet, social media, direct mail, newspaper, radio and television advertising, and advertising disseminated by third parties at Franchisee's direction).

(e) Franchisee may be required to purchase certain proprietary marketing, advertising, and promotional materials from BYou from time to time.

(f) Franchisee will actively participate in and cooperate with all of BYou's national, regional and local advertising, marketing, and sales promotion campaigns and, without limiting the generality of the foregoing, will:

(i) Display in Franchisee's Clinic advertising and marketing material provided to Franchisee by BYou in the manner specified by BYou;

(ii) Conduct such promotions and special events, offer such local and national promotional items, and accept such coupons and gift cards or certificates as BYou may require;

(iii) Advertise and display such advertisements and solicitations on Franchisee's vehicles to attract potential franchisees to the System as BYou may require; and

(iv) Not use the name of a public figure or celebrity in Franchisee's promotional efforts or advertising or marketing without BYou's express written approval.

(g) Recognizing the value of uniform advertising, marketing, and promotion to the System Goodwill and public image of the System, BYou may but is not required to establish and maintain one or more Marketing Funds. Franchisee acknowledges that:

(i) As of the Effective Date, BYou has not yet established a Marketing Fund;

(ii) If established by BYou, the Marketing Fund will be used for Marketing Campaigns;

(iii) BYou will deposit all Marketing Contributions paid by Franchisee together with amounts contributed by BYou's other franchisees into the Marketing Fund maintained and administered by BYou;

(iv) BYou may increase Franchisee's Marketing Fund contribution requirement if a simple majority of the combination of BYou's franchisees, BYou's corporate-owned operations and BYou's affiliated-owned operations vote to increase the contribution;

(v) The Marketing Contributions will be applied for the purpose of advertising, marketing, and promoting BYou's franchised and corporate-owned operations associated with the Trademarks and producing such advertisement and promotion. BYou cannot and does not ensure that any particular franchisee will benefit directly or in proportion to such franchisee's Marketing Fund contributions;

(vi) BYou may consult with BYou's franchisees from time to time concerning the Marketing Campaigns to be established by BYou and for that purpose may invite Franchisee and other franchisees to participate in an advisory board or association. The cost of establishing and maintaining such an advisory board or association may be charged to the Marketing Fund;

(vii) Notwithstanding any consultation with franchisees, BYou may make all decisions concerning the nature and content of Marketing Campaigns as BYou reasonably deems appropriate;

(viii) BYou may determine how and what the Marketing Fund monies will be utilized for, and without limiting the foregoing, BYou may use the Marketing Fund for the following purposes: (q) broadcast or print advertising, (r) the creation, development, and production of advertising, marketing, and promotional materials including, without limitation, ad slicks, radio, film, and television commercials, videotapes, direct mail pieces, Internet marketing and promotion, and print advertising, (s) any marketing or related research and development, (t) developing, enhancing, and maintaining BYou's website, intranet, or extranet, (u) vehicle advertising, point-of-sale advertising, retaining public relations firms, and uniform design; (v) advertising and marketing expenses, services provided by advertising agencies, public relations firms, or other marketing, research, or consulting firms or agencies, client incentive programs, client satisfaction surveys, sponsorships, marketing meetings, sales incentives, development of the Internet, Internet access provider costs, subscriptions to industry newsletters or magazines, and administrative costs, (w) expenses BYou incurs in connection with the general promotion of the Trademarks and the System, (x) providing Rebates and the like to promote and enhance the Trademarks and client loyalty, (y) the cost of managing and administering the Marketing Fund including the cost of employing advertising agencies to assist BYou, legal and accounting fees and expenses, and the actual costs of salaries and fringe benefits paid to BYou's employees engaged in managing and administering the Marketing Fund, and (z) the cost of preparing an unaudited annual statement of funds received by the Marketing Fund and expenditures made from the Marketing Fund;

(ix) BYou is not obligated to expend BYou's own funds or resources for any Marketing Campaign; and

(x) BYou may at any time reorganize the Marketing Fund as a separate non-profit corporation or other entity as BYou deems appropriate and transfer the Marketing Fund's assets to such entity. If BYou establishes a separate entity to administer the Marketing Fund, BYou may require Franchisee to become a member of the entity, sign a participation agreement, and take such other steps as BYou may reasonably require.

(h) BYou will provide Franchisee with an unaudited annual statement of funds received by the Marketing Fund and expenditures made from the Marketing Fund for the previous fiscal year upon Franchisee's written request. The cost of preparing the statement will be paid by the Marketing Fund. The reporting period used for the purpose of this accounting will coincide with BYou's fiscal year.

(i) BYou has the right but not the obligation to use collection agents and institute legal proceedings at the Marketing Fund's expense to collect Marketing Contributions due and payable by Franchisee or other franchisees. BYou may forgive, waive, settle, and compromise all claims by or against the Marketing Fund.

(j) Except as expressly provided in this Section 9.7, BYou assumes no direct or indirect liability to Franchisee with respect to the maintenance, direction, or administration of Marketing Contributions and the Marketing Fund.

(k) Although BYou intends the Marketing Fund to be of perpetual duration, BYou has the right to terminate the Marketing Fund. BYou will not terminate the Marketing Fund until all monies in the Marketing Fund have been expended for advertising, marketing, and promotional purposes or returned to Franchisee (provided that Franchisee is current in Franchisee's payments to BYou and is otherwise not in breach of the Agreement and Franchisee is a current franchisee) and to each other existing franchisee and corporate-owned operation at that time on a *pro rata* basis.

9.8 Employees. Franchisee will use Franchisee's best efforts to procure qualified and competent personnel in accordance with Applicable Laws, the standards established by BYou through the Manual, the Agreement, and as BYou may otherwise direct Franchisee in writing and properly train all personnel. Franchisee will have sole authority and control over the day-to-day operations of Franchisee's Clinic and Franchisee's employees. Franchisee will be solely responsible for recruiting and hiring the persons Franchisee employ to operate Franchisee's Clinic. Franchisee will also be responsible for their training, wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline, and termination and for compliance with all workplace related laws. At no time will Franchisee or Franchisee's employees be deemed to be BYou's employees or BYou's affiliates. BYou has no right or obligation to control or direct Franchisee's employees.

(a) Franchisee will ensure that Franchisee and Franchisee's employees comply with the Agreement, the Manual, and Applicable Laws.

(b) Franchisee's employees are not permitted to receive or request payment, monies, or payment in kind directly from clients in their personal capacities.

(c) Franchisee is responsible for:

(i) Obtaining all relevant insurances including liability, employment, and automotive insurance for all employees in the amounts and coverages specified by BYou in the Manual or otherwise in writing, the Lease for the Premises or as otherwise required by law; and

(ii) Franchisee's employees' strict adherence to the terms and conditions of the Agreement, the standards specified in the Manual, and all other policies and procedures which BYou may specify from time to time.

(d) Franchisee will be solely responsible without limitation for compliance with Applicable Laws governing the employer-employee relationship and all rights and remedies available to employees at law or in equity and any demands, grievances, claims, losses, damages, or injuries directly or indirectly arising from or related to an employee's employment with Franchisee, presence on the Premises, or interaction with a client or supplier of Franchisee's Clinic or other third parties howsoever arising and whatever the issue. Franchisee will indemnify and hold BYou harmless against all of the foregoing and will not assert any claim against or seek contribution from BYou with respect of such matters on a direct or vicarious liability basis.

9.9 Client Service Policies and Complaints. Franchisee and Franchisee's employees will:

(a) Provide prompt, courteous, and efficient services to clients;

- (b) Ensure that Franchisee's Clinic is operated in a clean, safe, and quality manner;
- (c) Ensure that all dealings with clients, vendors, suppliers, and the public do not adversely reflect upon the Trademarks, the System, or BYou; and
- (d) Conform to BYou's client service policies as set out in the Manual or as BYou may otherwise determine.

Franchisee will promptly attend to any complaints from dissatisfied clients and Franchisee will use Franchisee's best efforts to immediately resolve satisfactorily any disputes involving Franchisee's clients. Should Franchisee be unable to equitably resolve the complaint or issue within 24 hours after the complaint or the issue arises, Franchisee will immediately provide BYou with written notice of the complaint or issue to obtain BYou's assistance. BYou reserves the right to assume carriage of the matter upon providing Franchisee with notice of same and Franchisee will reimburse BYou for all costs incurred by BYou to resolve the matter.

9.10 Compliance with Applicable Laws. Franchisee will comply with Applicable Laws. Without limitation:

- (a) Franchisee will ensure that at all times during the Term that:
 - (i) Franchisee or one of Franchisee's Key Persons is a certified medical aesthetician and at least one certified medical aesthetician will be present at Franchisee's Clinic at all times during Franchisee's Clinic's hours of operation. Franchisee will from time to time provide BYou with proof of certification satisfactory to BYou;
 - (ii) All treatments are provided only by certified medical aestheticians or by persons who are certified by or hold a license from a professional regulatory body from the applicable regulating organization;
 - (iii) All cosmetic injections are administered only by a registered nurse or registered practical nurse properly licensed in Franchisee's Clinic's jurisdiction;
 - (iv) The Premises will be constructed and maintained in accordance with all applicable building codes and Applicable Laws;
 - (v) All necessary authorizations will be obtained from Franchisee's clients, employees, and other individuals Franchisee engages with in connection with the operation of Franchisee's Clinic in order to collect, use, or disclose personal information (as defined in the applicable legislation) for Franchisee's own purposes and will transfer or disclose such personal information to BYou or Affiliates for the purposes contemplated by the Agreement; and
 - (vi) By providing personal services, Franchisee is in compliance with all policies issued by governmental authorities of competent jurisdiction.
- (b) There may be Applicable Laws that affect the operation of Franchisee's Clinic that conflict with Franchisee's obligation to comply with the System standards or negatively impact the financial performance of Franchisee's Clinic. Franchisee will advise BYou immediately of such Applicable Laws and maintain the System standards to the fullest extent possible.

(c) It is Franchisee's responsibility to identify, understand, and comply with all Applicable Laws at all times. BYou may communicate information to Franchisee about Applicable Laws of which BYou is aware, but nothing in the Agreement requires BYou to research, identify, or otherwise make available to Franchisee information concerning Applicable Laws or protect Franchisee from the negative impact of any Applicable Laws. By entering into the Agreement, Franchisee is not relying in any way upon any express or implied representation or warranty by BYou or anyone associated with BYou that the System complies with Applicable Laws.

9.11 Security Agreement.

(a) To secure payment and performance of any obligations time owing by Franchisee to BYou, Franchisee will grant BYou upon BYou's request and pursuant to BYou's then-current standard form of agreement or document such security interests in such of the assets used in connection with Franchisee's Clinic or such other assets as BYou deems advisable to secure payment and performance of any obligations owing by Franchisee to BYou or Affiliates. Without limiting the generality of the foregoing, Franchisee will execute the General Security Agreement attached as Schedule E contemporaneously upon execution of the Agreement. The security constituted under the General Security Agreement may be subordinate to any security granted by Franchisee in connection with bank financing for the opening of Franchisee's Clinic or the operating line of credit for Franchisee's Clinic, but may not be subordinate to any security interest granted by Franchisee to any landlord or any other third party and only to the limited extent that such security interest does not entitle or permit the secured party to take possession of or operate Franchisee's Clinic or transfer Franchisee's interest in the franchise without BYou's consent.

(b) BYou may require Franchisee to grant BYou a purchase money security interest over any of Franchisee's inventory, equipment, or leasehold improvements financed by BYou.

(c) Except as described in Section 9.11(a), Franchisee will not grant any security interest in the Agreement, Franchisee's Clinic, or any ownership interest in Franchisee without BYou's prior written consent. If BYou consents to the grant of a security interest, Franchisee will obtain the secured party's written agreement that if Franchisee defaults under the security interest, BYou or BYou's designee will be notified of the default and have the right but not the obligation to be substituted as an obligor to the secured party or to cure the default. In no event will this requirement be construed to make BYou liable to Franchisee or any secured party.

9.12 Insurance. Franchisee will purchase and continuously maintain at a minimum the following insurance coverage during the Term:

(a) Insurance on Franchisee's inventory, fixtures, furniture, equipment, and wares in an amount equal to no less than the full replacement cost thereof with coverage against all risks on a broad form basis;

(b) Commercial general liability and property damage insurance including personal injury liability, contractual liability, public liability and employer's liability, advertising liability and non-owned auto liability with coverage of not less than \$5,000,000.00 for any one occurrence and such greater amount as may be specified from time to time by BYou and tenant's legal liability in an amount acceptable to the landlord of the Premises;

(c) Commercial general liability and comprehensive vehicle insurance coverage on all vehicles used in the operation of Franchisee's Clinic;

(d) Insurance coverage that meets the levels required by Franchisee's landlord including, without limitation, tenant's legal liability in an amount acceptable to the landlord of the Premises;

(e) Business interruption insurance on a profit basis or actual loss sustained basis for a period of at least nine months;

(f) Commercial builders risk policy, which policy must include liability and be placed before any work commences and must last for the duration of any renovations contemplated by the Agreement. All contractors will be required to provide Franchisee with a certificate of insurance adding both Franchisee and BYou as additional insureds;

(g) Such other insurance coverage required by the jurisdiction in which Franchisee operates or as is reasonably required by BYou or the landlord of Franchisee's Premises in such amounts as required by BYou, the landlord, or Applicable Laws including, without limitation, flood, sewer backup, earthquake, boiler, and machinery insurance;

(h) Malpractice and public liability insurance with coverage of no less than \$2,000,000.00 for any one occurrence and such greater amount as may be specified by BYou from time to time;

(i) Workmans' compensation or similar insurance as required by Applicable Laws; and

(j) Such other insurance in such amounts as BYou may reasonably require from time to time or as required by Applicable Laws.

Insurance coverage will be obtained from insurers acceptable to BYou. Franchisee will furnish BYou with certified copies of each of the insurance policies described above within seven days of execution of the Agreement. Each insurance policy must provide that it cannot be cancelled without 15 days prior written notice to BYou. Franchisee will promptly refer all potential claims against Franchisee or BYou to Franchisee's insurer and notify BYou of any such potential claims.

BYou may require Franchisee to change Franchisee's insurance amounts from time to time upon BYou's written demand. All insurance policies must be renewed on a timely basis and copies of all insurance policies and certificates together with evidence of payment of premiums must be delivered to BYou at least 30 days prior to the expiration of such insurance policies. BYou reserves the right to add to, change, or otherwise modify the types of coverage or the amounts or minimum amounts of such coverage in the Manual or otherwise to reflect industry practices and BYou's experience.

Each insurance policy maintained by Franchisee must (i) name Franchisee as the insured, (ii) name BYou, Affiliates, and their successors, assigns, and directors as additional insureds (BYou will provide Franchisee with a list after Franchisee sign the Agreement), (iii) name the landlord of the Premises and its affiliates as additional insureds, (iv) require the insurer to defend each person or entity if there is a claim, (v) provide that any liability coverage afforded applies separately to each person or entity against which a claim is brought as though a separate policy had been issued to that person or entity, (vi) contain no provision which limits or reduces coverage if there is a claim by one or more additional insured party or by reason of any insurance which may be maintained by BYou except for standard deductibles, and (vii) provide coverage for Franchisee's indemnification obligations under the Agreement. Coverage for the additional insured parties will apply on a primary basis irrespective of any other insurance whether collectable or not. All insurance policies must be issued by a reputable insurer with an underwriting rating of A- or better and include a waiver of subrogation in BYou's favor.

Notwithstanding anything to the contrary contained in this Section 9.12, BYou neither assumes any obligation for any premium or other insurance costs nor guarantees any losses sustained. It is Franchisee's sole responsibility to determine what insurance coverage is required for Franchisee's purposes with respect to Franchisee's Clinic, the Premises, or otherwise and to obtain such insurance. BYou makes no representation that BYou's minimum insurance requirements constitute advice or a representation that such coverages are necessary or adequate to protect Franchisee from all losses incurred in connection with Franchisee's Clinic. Nothing prevents or restricts Franchisee from acquiring or maintaining insurance with higher policy limits or lower deductibles than BYou requires. Failure by Franchisee to maintain coverage will not relieve Franchisee of any contractual responsibility or indemnification or obligation or liability under the Agreement.

9.13 Modification of System, Clinic Concept, Trademarks, and the Manual. BYou may replace, change, or modify the System, the Clinic concept, the Trademarks, or the Manual from time to time for any reason. These reasons include, without limitation, the need to (i) respond to changes in consumer demands or expectations and buying or market trends, client, economic conditions, technological advances and laws, or for other reasons, (ii) seize efficiencies made possible by growth of the System, (iii) implement efficiencies made possible by technological advances or resulting from BYou's research and development activities, (iv) implement co-branding alliances with other companies, and (v) meet competition and marketing conditions. Without limiting the foregoing, BYou reserves the right to add, modify, replace, terminate, or suspend without Franchisee's approval or consent:

- (a) BYou's authorized suppliers and vendors;
- (b) Any products or services (including, without limitation, the Products) used or offered by Franchisee's Clinic;
- (c) Trade dress standards associated with the System;
- (d) Standards for client service; and
- (e) The electronic data processing, communications equipment and facilities, computer hardware and software and other equipment, fixtures and merchandising used or offered by Franchisee.

Franchisee will accept, use, and implement any changes and make any related expenditures or modifications as may be required pursuant to this Section 9.13. BYou may grant a variance or exemption from the Manual based on any conditions which BYou deems to be of importance to the operation of a particular Clinic including the characteristics of a particular location or circumstance, business potential, or relevant laws. BYou will have no obligation to grant the same or similar variance or exemption to another franchisee and Franchisee will have no recourse against BYou for any such variance or exemption granted to another franchisee.

9.14 Client Loyalty, Gift Certificate, Gift Card, and Other Promotional Programs. Franchisee will fully participate in any advertising, sales, and promotional events and marketing programs organized or conducted by BYou, Affiliates, or BYou's authorized suppliers that BYou or they may develop and offer from time to time including, without limitation, by participating in, accepting, and honoring all:

- (a) Client loyalty and reward programs;
- (b) Contests, sweepstakes, and other prize promotions;
- (c) Warranty programs;

(d) Such credit cards, courtesy cards, and other credit devices, programs, and plans as may be issued or approved by BYou from time to time. Any reasonable and customary service charges or discounts from reimbursements charged on such cards or authorizations will be at Franchisee's sole expense;

(e) Promotional materials issued by other franchisees and presented to Franchisee for redemption; and

(f) Coupons or similar promotional materials, prescribed by BYou for use in connection with Franchisee's Clinic.

BYou will communicate to Franchisee in writing the details of each such program or promotion. Franchisee will promptly display all point-of-sale advertising, marketing, and promotion-related information at such places as BYou may designate including any vehicles operated by Franchisee or Franchisee's employees or agents. Franchisee will purchase and distribute all coupons, clothing, and other collateral merchandise designated by BYou for use in connection with each such program or promotion.

To the extent that BYou develops or authorizes the sale of gift cards, gift certificates, or stored value cards, Franchisee will acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them at Franchisee's sole cost. All proceeds from the sale of all gift cards, gift certificates, or stored value cards belong exclusively to BYou and Franchisee will remit the proceeds of such sales to BYou as required by BYou. BYou will reimburse or credit Franchisee (at BYou's option) the redeemed value of gift cards, gift certificates, or stored value cards accepted by Franchisee as payment for Products or Services sold by Franchisee's Clinic.

Franchisee will waive all claims and indemnify and hold BYou and Affiliates harmless from any losses resulting from charges incurred by Franchisee as a consequence of honoring any gift cards, gift certificates, or authorizations for credit and identification purposes.

9.15 Signage. Franchisee will only use signage approved by BYou and only apply BYou's approved decals and logos on Franchisee's equipment, machinery, and vehicles. Franchisee will keep Franchisee's signage clean, legible, and free of tears, paint problems, punctures, cuts, and graffiti.

9.16 Websites and Social Media. Franchisee is not permitted to create or operate Franchisee's own website or webpages. Franchisee will not use, publish, or in any way incorporate any of the Trademarks in any form of social media (including, without limitation, Meta, Twitter, MySpace, LinkedIn, Instagram, or YouTube) whether or not such social media platform is used for commercial gain. Franchisee has no right, title, or interest to any webpage on any of Franchisee's social networking sites including, without limitation, all "fans," "followers," "friends," and "contacts" associated therewith that mention, use, or refer in any way to BYou's intellectual property even if such webpage is established by Franchisee or otherwise held in Franchisee's name or the name of any of Franchisee's owners. Upon Termination, Franchisee will immediately take whatever steps are necessary to cancel or dismantle any such social networking account or webpage or transfer the account or webpage and all related information to BYou. BYou retains the sole right to advertise on the Internet and create a website using any of the Trademarks or any variation of the Trademarks. Within five days of BYou's request, Franchisee will dismantle any frames and links between Franchisee's web pages and any other websites. Franchisee will comply with any policies related to the Internet, social media, and the use of the Trademarks in the public domain as BYou establishes in the Manual or otherwise. BYou may establish certain online social media pages for Franchisee's Premises at Franchisee's expense and provide Franchisee with access to these social media pages to post content that complies at all times with any policies related to the Internet, social media, or the use of the Trademarks in the public domain as established by BYou in the Manual or otherwise. BYou will retain all rights in these

social media pages and BYou may terminate any social media pages at any time or terminate Franchisee's access to post content to such pages.

9.17 Inspection and Evaluation. BYou, Affiliates, or BYou's or their authorized representatives will have the right during Franchisee's normal business hours to enter the Premises without notice to inspect, evaluate, and determine whether provisions of the Agreement are being observed by Franchisee, Franchisee's Key Persons, and Franchisee's other employees. As part of any inspection, evaluation, or determination, BYou will have the rights to:

- (a) Inspect, copy, evaluate, test, sample, and observe the Premises, equipment, Products, Services, inventory, supplies, receipts, records, statements, Franchisee's employees' procedures, and Franchisee's handling, storage, production, serving, and sanitization procedures;
- (b) Interview Franchisee's Key Persons or employees;
- (c) Conduct a "secret shopper" program;
- (d) Designate and distribute client response cards in the form that BYou prescribes; and
- (e) Conduct an Evaluation.

Franchisee, Franchisee's Key Persons, and Franchisee's employees will cooperate with BYou in relation to any Evaluation. Franchisee will promptly correct any condition noted as an issue during an Evaluation. If BYou determines that any condition in the Premises presents a threat to clients or to the public's health or safety, BYou may take such measures as BYou deems necessary including requiring Franchisee to immediately suspend operations or close Franchisee's Clinic until the issue is remedied to BYou's satisfaction. Any of BYou's findings from an Evaluation may be utilized by BYou as grounds for establishing that Franchisee is in default of the Agreement. Franchisee will follow all of BYou's suggestions to improve Franchisee's Services offered by Franchisee based on the results of any Evaluation.

9.18 BYou's Telephone Number System. BYou may institute a one-telephone-number system for all of BYou's franchisees in certain areas as BYou may determine from time to time. If BYou establishes such a telephone number system in an area encompassing Franchisee's Clinic, Franchisee will publish only the telephone number for Franchisee's Clinic that BYou designates and cease publishing all other telephone numbers. Such telephone number will be BYou's sole property. Franchisee will pay all charges levied by BYou for Franchisee's participation in the telephone number system including, without limitation, charges incurred for capital costs, operating costs, or overhead. In levying such charges, BYou will not factor in any amount for profit and use BYou's reasonable efforts to allocate all such costs and expenses equally among the franchisees using the telephone number system. Franchisee will promptly fill any order for Products or Services that BYou may direct through such telephone number system in accordance with the terms and conditions of the Agreement and the Manual.

9.19 Additional Covenants. Franchisee will:

- (a) Promptly deposit all monies of Franchisee's Clinic in a bank account maintained specifically for such purpose;
- (b) Pay all taxes, charges, and expenses arising in connection with Franchisee's Clinic including, without limitation, rent, repair and maintenance charges, insurance premiums, wages and employer levies, business taxes, withholding taxes, utility charges, and accounts for goods and services purchased in connection with the operation of Franchisee's Clinic. Franchisee will produce receipts

showing payment of all such expenses which become due and payable during the one-year period immediately preceding BYou's request upon BYou's request;

(c) Promptly and completely observe and perform all terms, covenants, conditions, and agreements required of Franchisee by any agreement between Franchisee and BYou; and

(d) Participate and assist BYou in any discovery days, franchise shows, and other seminars featuring the System as BYou reasonably requests.

SECTION 10 OBLIGATIONS OF BYOU

Except as set out below, BYou need not provide any other assistance to Franchisee.

10.1 Prior to Opening Franchisee's Clinic. Before Franchisee opens Franchisee's Clinic, BYou will provide Franchisee with the following assistance:

(a) Consideration of any site for the Premises proposed by Franchisee;

(b) Loaning Franchisee a copy of the Manual;

(c) Providing Franchisee with the initial training described in Section 6;

(d) Providing Franchisee with a list of equipment, supplies, approved suppliers, and all opening inventory necessary to open Franchisee's Clinic;

(e) Providing Franchisee with assistance and consultation regarding Franchisee's initial marketing efforts and the organization of Franchisee's Grand Opening; and

(f) Providing Franchisee with consultation regarding Franchisee's initial staffing needs and potential employee evaluations. Franchisee will ultimately be responsible for all matters relating to the hiring, performance, qualification, and dismissal of Franchisee's employees.

10.2 During the Operation of Franchisee's Clinic. During the operation of Franchisee's Clinic, BYou may:

(a) Promote the System at selected franchise events like association meetings or franchise expositions;

(b) Provide Franchisee with advice and direction pertaining to the operation of Franchisee's Clinic in the form of regular meetings and review; and

(c) Develop the System through, without limitation, advertising and marketing initiatives;

(d) Conduct a Conference for the benefit of the System at BYou's discretion. Franchisee may be required to pay a fee to attend any Conference BYou produces;

(e) Provide Franchisee with public relations release formats, local marketing plans, and materials including, without limitation, newspaper advertisements, radio commercials, sales aids, and other promotional and marketing materials at BYou's discretion. BYou may charge Franchisee a reasonable fee for the provision of these materials;

(f) Provide Franchisee with such additional or remedial training at BYou's discretion as Franchisee requests or BYou determines from time to time at the Corporate Headquarters, other locations, or virtually. Franchisee may be required to pay a fee to participate in any such additional or remedial training;

(g) Make a representative reasonably available to Franchisee via telephone or e-mail during BYou's normal business hours as BYou determines is necessary to discuss Franchisee's Clinic and offer marketing, strategic, or general advice regarding Franchisee's Clinic. Franchisee is responsible for any applicable charges that may apply for any such additional assistance or resources; and

(h) Develop new services and offerings from time to time that may be used by Franchisee in Franchisee's Clinic including, without limitation, modifications to the Products and Services.

SECTION 11 TERM AND RENEWAL

11.1 Term. The Term of the Agreement is the lesser of (i) five years from the Opening Date, or (ii) the term of the Lease (or sublease less one day) and any exercised extensions of the Term thereunder unless terminated sooner in accordance with the terms and conditions of the Agreement.

11.2 Renewal. Subject to Franchisee's compliance with all covenants, obligations, and provisions in the Lease and the Agreement (including, without limitation, this Section 11.2), Franchisee may renew the Term for one additional renewal term equal to the lesser of (i) a period of five years commencing on the expiration of the initial Term or (ii) the term renewal of the Lease (or sublease less one day) and any exercised extensions of the term thereunder. Franchisee may only exercise this renewal right if each of the following conditions are satisfied:

(a) Franchisee gives BYou written notice exercising this renewal right and such notice is given during the 60-day period immediately preceding 275 days prior to the expiration of the Term;

(b) Franchisee substantially observed and performed all of the terms, covenants, conditions and agreements on Franchisee's part under the Agreement during the Term and is in full compliance with the Agreement and all other agreements between Franchisee, BYou, or Affiliates at the expiration of the Term;

(c) Franchisee satisfied all monetary obligations owed to BYou and Affiliates under the Agreement and all other agreements during the Term in a timely manner between Franchisee, BYou, or Affiliates;

(d) Franchisee and Guarantors enter into BYou's then-current form of Franchise Agreement (which form of Franchise Agreement may differ substantially from the Agreement and which Franchise Agreement will supersede the Agreement) before the expiration of the Term. Franchisee will not be obligated to pay an additional initial franchise fee under such form of Franchise Agreement, but Franchisee will pay to BYou all other amounts provided for in such form of Franchise Agreement including, without limitation, higher Royalties, Marketing Contributions, or other fees required by such form of Franchise Agreement;

(e) Franchisee pays a renewal fee equal to \$10,000.00 plus legal fees and disbursements incurred by BYou in connection with the renewal before the expiration of the Term;

(f) Franchisee completes any additional or remedial training to BYou's reasonable satisfaction that BYou requires;

(g) Each of Franchisee and the Guarantors execute and deliver a release of BYou, Affiliates, and their respective officers, directors, agents, and employees of all claims to the extent permitted by law;

(h) Franchisee completes all renovations, refurbishment, or repairs of the Premises as BYou reasonably requires to meet BYou's then-current standards and image using providers previously approved by BYou;

(i) Franchisee provides BYou with a complete set of financial statements and reports for Franchisee's Clinic for the last two fiscal years immediately preceding the date of renewal;

(j) The Lease contemplates a renewal term and the landlord of the Premises consents to a renewal or extension of the Lease if such consent is required; and

(k) Franchisee is otherwise able to maintain possession of the Premises pursuant to a lease directly with the landlord or a sublease from BYou or Affiliates in BYou's then-current standard form.

Except as described in this Section 11.2, Franchisee will have no further option or right to renew or extend the Term.

11.3 Overholding. If Franchisee does not sign BYou's then-current form of Franchise Agreement in accordance with Section 11.2(d) above and continues to operate Franchisee's Clinic following the expiration of the Term or renewal term as the case may be, then BYou may treat the Agreement as:

(a) Expired as of the date of expiration of the Term or the renewal term. In such event, Franchisee is deemed to be operating Franchisee's Clinic without a license to do so in violation of BYou's rights and in breach of the Agreement; or

(b) Continuing for an Interim Period. In such event, all of Franchisee's and BYou's rights and obligations under the Agreement remain in full force and effect during the Interim Period as if the Agreement had not expired and all obligations and restrictions imposed on Franchisee upon Termination of the Agreement are deemed to take effect upon termination of the Interim Period.

SECTION 12 DEFAULT AND TERMINATION

12.1 BYou's Termination Rights with Notice. BYou may terminate the Agreement if Franchisee fail to cure any of the following defaults within 30 days from the date of BYou's issuance of a written notice of default outlining Franchisee's failure to:

(a) Promptly remove any involuntary lien upon any of Franchisee's business assets or property;

(b) Transfer or attempt to Transfer any of Franchisee's rights or obligations under the Agreement in accordance with the terms and conditions of the Agreement or to obtain BYou's prior written consent prior to any purported Transfer;

(c) Comply with Section 14.1 upon the death or Permanent Disability of Franchisee or Franchisee's controlling interest holder if Franchisee is a business entity;

(d) Secure and maintain required insurance after three days' written notice requiring such deficiency to be cured;

(e) Supply BYou with reports regarding Gross Revenues receipts and business activities or other financial or other information required by the Agreement including, without limitation, advertising and marketing performed;

(f) Accurately report Franchisee's Gross Revenues such that they have been understated in any report delivered by Franchisee to BYou by more than 5%;

(g) Use the techniques, training, and methods promulgated by the Manual;

(h) Apply Franchisee's full efforts to the performance of Franchisee's duties under the Agreement that are necessary for the proper and effective operation of Franchisee's Clinic;

(i) Keep true and accurate business records and books in accordance with BYou's procedures or to make available those items deemed necessary for BYou's inspection;

(j) Maintain the standards of good conduct and appearance designated by BYou to assure continuity of quality, appearance, and professionalism;

(k) Complete the initial training program on the earlier of (i) 30 days prior to opening, or (ii) 180 days after the Effective Date of or any other training program to BYou's satisfaction;

(l) Comply with the restrictions against competition or solicitation set out in the Agreement;

(m) Obtain and maintain all required licenses or governmental approvals and to cure such default within five days following written notice from BYou or any governmental authority;

(n) Comply with any law or regulation applicable to the operation of Franchisee's Clinic and to observe such requirements within five days of written notice from BYou or any governmental authority;

(o) Renovate or refurbish the Premises in accordance with BYou's standards and specifications; or

(p) Comply with any requirement imposed by the Agreement or to carry out the terms of the Agreement in good faith except as otherwise provided at Section 12.2 of the Agreement.

12.2 BYou's Termination Rights Without Notice. Notwithstanding Section 12.1, BYou may immediately terminate the Agreement without notice to Franchisee and Franchisee will have no right or opportunity to cure the default if any of the following events occur:

(a) Franchisee fails to make timely payment to BYou of any sums payable to BYou pursuant to the Agreement or any other agreement between Franchisee and BYou after five days' written notice to Franchisee of such failure to pay;

(b) Franchisee fails to cure a default under the Agreement within ten business days after receipt of notice thereof that materially impairs the System Goodwill;

(c) Franchisee or Franchisee's Clinic are declared or judicially determined to be insolvent, Franchisee commits an act of bankruptcy, all or a substantial part of Franchisee's or Franchisee's Clinic's assets are assigned to or for the benefit of any creditor, Franchisee admits Franchisee's inability to pay Franchisee's debts as they become due, or a liquidator, trustee in bankruptcy, custodian, receiver, receiver, manager, sheriff, constable, or any other officer with similar powers is temporarily or permanently appointed by a court of competent jurisdiction with authority over Franchisee's Clinic's operations;

(d) Franchisee's Clinic is seized, taken over, or foreclosed upon by a governmental official in the exercise of its duties, or seized, taken over, or foreclosed upon by a creditor, lien holder, or lessor, a final judgment against Franchisee remains unsatisfied for 30 days, or a levy of execution is made upon Franchisee's Clinic or upon any property used in Franchisee's Clinic that is not discharged within five days of such levy;

(e) A bankruptcy order is made against Franchisee by a court of competent jurisdiction;

(f) Franchisee abandons Franchisee's Clinic by failing to operate the business for three consecutive business days during a time Franchisee is required to operate the business under the terms of the Agreement or any shorter period after which it is not unreasonable under the facts to conclude that Franchisee does not intend to continue to operate Franchisee's Clinic unless such failure is due to a fire, flood, earthquake, or other similar causes beyond Franchisee's control;

(g) Franchisee makes any material misrepresentation relating to the acquisition or operation of Franchisee's Clinic;

(h) Franchisee engages in conduct which reflects materially and unfavorably upon the Trademarks, Franchisee's Clinic, or the operation and reputation of the System;

(i) After curing any failure in accordance with Section 12.1 above, Franchisee engages in the same conduct or noncompliance whether or not such conduct or noncompliance is corrected after notice is given to Franchisee;

(j) Franchisee commits on three occasions a breach or default of one or more requirements of the Agreement within any consecutive twelve-month period whether or not such defaults are of the same or different nature and whether or not such defaults have been corrected after notice is given to Franchisee;

(k) Franchisee or any of Franchisee's principals, directors, owners, or managers are convicted of a criminal offense that BYou reasonably believes is likely to have an adverse effect on the System, the Trademarks, the System Goodwill, or the System's reputation;

(l) BYou makes a reasonable determination that continued operation of Franchisee's Clinic by Franchisee will result in an imminent danger to public health or safety;

(m) Franchisee or any of Franchisee's principals, directors, owners, or managers commit fraud in connection with the operation of Franchisee's Clinic;

(n) Franchisee purchases (i) unapproved products or (ii) approved products from suppliers not approved by BYou;

(o) Franchisee offers or sells as a part of Franchisee's Clinic's operations any unapproved program, service, or product, or Franchisee ceases to offer or sell any of the Products and Services required by BYou;

(p) Franchisee gives any security interest in any of Franchisee's property or assets of Franchisee's Clinic or sells any such property or assets without first receiving BYou's prior written consent such that the foregoing materially impairs the operations of Franchisee's Clinic or any security interest that BYou may have in the Agreement;

(q) Franchisee fails to timely pay any vendors, suppliers, or landlord more than two times during the Term or any renewal term;

(r) Franchisee fails to open Franchisee's Clinic for business within 240 days of the Effective Date except where such failure is due solely to an unavoidable delay referred to in Section 18.8;

(s) Franchisee interferes or attempts to interfere with BYou's ability or right to franchise or license others to use and employ the Trademarks or the System;

(t) Franchisee interferes or attempts to interfere with BYou's contractual relations with other franchisees, clients, employees, advertising agencies, or any third parties;

(u) Franchisee fails to maintain confidential any information designated by BYou as confidential;

(v) Franchisee's or Franchisee's employees' conduct materially and adversely affects the System, the Trademarks, BYou's goodwill or reputation;

(w) Franchisee or Franchisee's employees knowingly maintain false books or records or submit any false reports to BYou;

(x) Franchisee fails to execute and deliver back to BYou the Lease or the Addendum to Lease on the earlier of BYou's execution of the Addendum to Lease or 210 days following the Effective Date; or

(y) The Lease is terminated for any reason or if Franchisee otherwise lose the right of possession of the Premises.

If any valid applicable law or regulation of a competent governmental authority with jurisdiction over the Agreement or the parties to the Agreement limits BYou's rights of termination under the Agreement or requires longer notice or cure periods than those set out above, then the Agreement is considered modified to conform to the minimum notice, cure periods, or restrictions upon Termination required by such laws and regulations. BYou is not precluded from contesting the validity, enforceability, or application of the laws or regulations in any action, proceeding, hearing, or dispute relating to the Agreement or Termination.

12.3 Obligations of the Franchisee After Termination. Upon Termination for any reason, Franchisee will immediately:

(a) Cease operating Franchisee's Clinic;

(b) Cease using all of the Trademarks, the System, the Manual, Franchisee's telephone number, and any other property connected with Franchisee's Clinic;

(c) Transfer any ownership rights that Franchisee or Franchisee's employees, agents, or contractors may have developed in relation to the System and Franchisee's Clinic;

(d) Return the Manual, any copies thereof, and all other confidential or proprietary material to BYou;

(e) Pay BYou the greater of (i) any amounts due or owing to BYou or Affiliates by Franchisee including, without limitation, unpaid accrued and future Royalties, Marketing Contributions, or any other fees payable by Franchisee under the Agreement, Lease, or otherwise, or (ii) liquidated damages of \$50,000.00. Liquidated damages are payable in addition to any other remedies BYou may have at law or equity;

(f) Assign all right, title, and interest to all of Franchisee's business telephone numbers pursuant to the Listing Assignment Agreement and execute any further documents or instruments or instructions necessary to further effect such assignment;

(g) Acknowledge that Franchisee has no interest in Franchisee's Clinic and that all of Franchisee's rights and privileges under the Agreement are terminated;

(h) Remove all identification of the System from the Premises and make such other modifications as BYou may specify at Franchisee's sole expense;

(i) Cancel any business names, trade names, or any other such registrations that contain any of the Trademarks and provide BYou with evidence of same;

(j) Dismantle any social media site, blog, or similar Internet webpage controlled by Franchisee that contains any of the Trademarks;

(k) Assign Franchisee's remaining interest in any Lease then in effect for the Premises (although BYou will not assume any past due obligations) to BYou or BYou's assignee upon BYou's demand; and

(l) Lose all of Franchisee's rights to use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct business under the Trademarks at the Premises will revert to BYou without further act or deed of any party.

12.4 Survival. Provisions of the Agreement that by their very nature are intended to survive Termination including, without limitation, any confidentiality, restrictive covenants, indemnities, guarantees, or other similar provisions survive Termination for the periods referred to in the Agreement.

12.5 Cross Default. Breach by Franchisee, any of Franchisee's affiliates, or any Guarantor of (i) any other agreements between BYou and Franchisee which are executed pursuant to the Agreement, (ii) any other Franchise Agreement between BYou and Franchisee, any of Franchisee's affiliates, or any Guarantor, (iii) any other agreement between BYou or Affiliates and Franchisee, any of Franchisee's affiliates, or any Guarantor, or (iv) any agreement entered into by Franchisee and a third party in relation to Franchisee's Clinic constitutes a breach by Franchisee of the Agreement and BYou may terminate the Agreement in such event.

12.6 Acceleration of Note and Security Interest. If Termination for any reason occurs and BYou is the lender under any loan, the holder of any note, or the holder of any documented security interest from Franchisee concerning assets used at any time by Franchisee in Franchisee's Clinic, such loan, note, or security interest will become immediately fully due and payable upon the effective date of Termination as to all principal and interest so loaned and secured.

12.7 BYou's Option to Purchase the Franchise Assets.

(a) Unless otherwise provided by the Agreement, BYou may exercise the rights set out in this Section 12.7 immediately upon:

- (i) The Termination of the Agreement for any reason; or
- (ii) Any breach, default, or other event that gives BYou the right to terminate the Agreement after expiration of any applicable notice and cure period.

(b) Upon any event described in Section 12.7(a), BYou or BYou's designee will have the option, but not the obligation, to purchase all of Franchisee's right, title, and interest in Franchisee's Clinic, and the Franchise Assets or a portion of the Franchise Assets in accordance with the following:

(i) The Purchase Price will be the then-current fair market value of the Franchise Assets, less any (w) liens, encumbrances and security interests on the Franchise Assets, (x) depreciation from the date of acquisition of the Franchise Assets calculated monthly at the rate of 20% per year on the declining balance, (y) consideration allocated to System Goodwill, and (z) amounts due from Franchisee to BYou under the Agreement including any interest and BYou's legal fees and disbursements (including, without limitation, the cost of BYou's appraisal of the Franchise Assets).

(ii) BYou may set off all amounts due from Franchisee under the Agreement, the Lease, or any other agreement between BYou or Affiliates and Franchisee including any interest and BYou's legal fees and disbursements and costs.

(c) BYou will provide Franchisee with a Notice of Intent during the Option Period. The Notice of Intent will identify the assets to be purchased and the fair market value as determined by BYou. Franchisee has 14 days following receipt of BYou's Notice of Intent to object to any of the prices specified therein and any disputes over pricing must be resolved through appraisal as specified by Section 12.7(b)(i). If BYou declines to exercise BYou's rights under this Section 12.7 before the expiration of the Option Period, Franchisee may thereafter sell or dispose of Franchisee's improvements, furniture, fixtures, and equipment to a third party on any terms acceptable to Franchisee, but Franchisee will not sell or dispose of Franchisee's accounts, contract rights, client lists, or vendor lists.

(d) The purchase and sale contemplated in this Section 12.7 must be consummated as soon as practicable. Following the delivery of a Notice of Intent as specified in Section 12.7(c), BYou or BYou's designee have the right to take possession of the Franchise Assets and to carry on and develop the Franchise Assets for BYou's exclusive benefit or for the benefit of BYou's designee.

12.8 No Participation Where in Default. If Franchisee is in default of any of Franchisee's obligations under the Agreement, BYou may prevent Franchisee, Franchisee's Key Persons, or any other of Franchisee's personnel from attending any Conference or any such convention, conference, program, seminar, or any other meetings held for the benefit of BYou's franchisees and Franchisee may not stand for election for or serve as a member of any committee of franchisees formed by BYou without BYou's prior approval. If such default occurs during the period when Franchisee is a member of a committee, BYou may suspend Franchisee from serving on any committee until such default is cured, appoint another franchisee to serve on such committee during such default period in Franchisee's stead, or terminate Franchisee's position altogether at BYou's option.

12.9 Interim Operation of Franchisee's Clinic by BYou. Franchisee will pay BYou a reasonable management fee and reimburse BYou for BYou's reasonable expenses incurred including, without limitation, any related travel costs and accommodation costs for BYou's employees, contractors, and agents upon receipt of BYou's written demand for payment if Franchisee is in default of the Agreement and subject to Interim Operation. Franchisee will indemnify BYou and BYou's employees, contractors, and agents for any claims arising from Interim Operation. During Interim Operation, BYou may exclude Franchisee and any of Franchisee's owners, Key Persons, or other personnel from entering the Premises or being involved in the operations of Franchisee's Clinic.

SECTION 13 TRANSFER

13.1 No Transfer Unless Permitted.

(a) Franchisee will not Transfer any of Franchisee's rights (i) under the Agreement or (ii) with respect to Franchisee's Clinic except in accordance with this Section 13.

(b) Notwithstanding anything in the Agreement to the contrary but subject to this Section 13, neither Franchisee nor any of Franchisee's owners or Guarantors may Transfer any rights they may have for a period of 24 months from the Effective Date.

(c) Notwithstanding anything in the Agreement to the contrary but subject to this Section 13, there will not be any change, pledge, or seizure of any ownership interest in Franchisee.

13.2 Transfer Under Bona Fide Offer. Franchisee may Transfer Franchisee's rights under the Agreement pursuant to a *Bona Fide* Offer provided that Franchisee first obtains BYou's written approval of same and complies with all applicable Transfer requirements. Any actual, attempted, or purported Transfer occurring without BYou's prior written consent is a default of the Agreement and such actual, attempted, or purported Transfer will be null and void.

13.3 Conditions for Consent. BYou will be deemed to be acting reasonably by withholding consent to any Transfer if Franchisee fails to fulfill any of the following conditions to BYou's satisfaction:

(a) Franchisee complies with the applicable provisions of Section 15 and BYou's then-current transfer policies;

(b) Franchisee is not in default under the Agreement, the Lease, or any other agreement between BYou or Affiliates and Franchisee on the date of such Transfer;

(c) BYou is reasonably satisfied that:

(i) The Transferee is of good moral character and reputation, has adequate financial strength, and possesses appropriate business and other qualifications required for franchisees joining the System at that time and Franchisee provides BYou with such reasonable information as BYou may request in order to make such determination;

(ii) The Transfer will provide the proposed Transferee with an economically viable business opportunity; provided, however, that no such judgment on BYou's part will be deemed to be a representation or guarantee upon which Franchisee or the proposed Transferee may rely; and

(iii) The Transferee otherwise meets BYou's then-current criteria for a franchisee of the System;

(d) The Transferee enters into BYou's then-current form of Franchise Agreement as franchisee, which agreement may contain provisions substantially different from those contained herein including higher Royalties and Marketing Contributions, and such other documents then customarily used by BYou to grant franchises as BYou may reasonably request. The term thereof will not be greater than the remaining Term or renewal term unless BYou otherwise agrees in writing to extend the Term or renewal term;

(e) If the Transferee is a business entity, the Transferee's owners jointly and severally guarantee the obligations of the Transferee by entering into a guarantee in a form satisfactory to BYou. Any owners with a proprietary interest in the Transferee must not own or engage in any Competitive Business;

(f) On the earlier of the (i) date of Franchisee's application for approval of the Transfer or (ii) date upon which the Transferee's Key Persons begin BYou's training program, Franchisee pays BYou a non-refundable transfer fee equal to \$12,500.00 plus legal fees and disbursements;

(g) The Transferee does not have debt of more than 40% of the Purchase Price and is not otherwise undercapitalized in BYou's reasonable opinion;

(h) If Franchisee or Franchisee's owners finance any portion of the sale price, then all of the Transferee's obligations under promissory notes, agreements, or security interests reserved in Franchisee's Clinic are subordinate to the Transferee's obligations to pay Royalties, Marketing Contributions, and all other amounts owing to BYou, Affiliates, or third party vendors. Any payment due from the Transferee to Franchisee relating to the purchase of Franchisee's Clinic will be subordinate to the Transferee's obligations to BYou and Affiliates;

(i) The Transferee's Key Persons successfully complete a training program determined by BYou;

(j) Each of the Releasors enter into a release in a form permitted by law of all claims against BYou, Affiliates, BYou's franchisees, and BYou's and their respective officers, directors, shareholders, and employees but excepting any claims under an applicable franchise law statute that cannot be released;

(k) The Transferee agrees to bring its operations and Franchisee's Clinic into full compliance with the specifications and standards then applicable for new or renewing franchisees including, without limitation, new uniforms, signage, computer hardware and software, and methods of operation and to make all capital expenditures as BYou may request to modernize Franchisee's Clinic so as to reflect BYou's then-current standards and image at Franchisee's or the Transferee's sole expense within a reasonable timeframe established by BYou;

(l) In the case of an asset sale, the Transferee purchases all of Franchisee's assets used in Franchisee's Clinic in accordance with all applicable bulk sales legislation and assumes all of Franchisee's business liabilities including all tax liabilities, unless such liabilities have been paid prior to the closing of the transaction of purchase and sale;

(m) The Transferee expressly assumes all of Franchisee's obligations to BYou and Affiliates;

(n) Franchisee submits all required reports, financial statements, and other documents due to BYou under the Agreement up to the effective date of the Transfer;

(o) At the time of the proposed Transfer or within three months thereafter, there is not another suitable Clinic that the proposed Transferee may purchase from BYou;

(p) There are at least twelve months remaining in the Term;

(q) Franchisee remains liable for all of Franchisee's obligations to BYou and Affiliates in connection with the operation of Franchisee's Clinic prior to, through, and after the effective date of the Transfer and Franchisee executes any instruments reasonably required by BYou to evidence such liability;

(r) If BYou is prepared to consent to a Transfer and the Transfer is not completed for any reason, Franchisee will reimburse BYou for BYou's reasonably incurred legal and administrative expenses;

(s) BYou's consent to any given Transfer is not considered a waiver of the requirement for BYou's consent to a subsequent Transfer;

(t) Franchisee returns the Manual, any copies of the Manual, and all confidential or proprietary material to BYou within 24 hours of a Transfer, or if Franchisee has lost the Manual or if the Manual is stolen or damaged, Franchisee pays BYou a replacement fee of \$500.00 to replace the Manual;

(u) Franchisee provides BYou with a copy of the agreement of purchase and sale between Franchisee and the Transferee and all documents referred to therein as relied upon by the parties. If any financial statements are included, BYou may, but is not obligated to, question any figures relating to matters about which Franchisee is required to report to BYou under the Agreement; and

(v) There are no other reasonable grounds for BYou to withhold BYou's consent.

13.4 Continued Responsibility. Notwithstanding any Transfer, Franchisee will remain liable to BYou and Affiliates for the prompt and complete observance and performance of all of the terms, covenants, and conditions to be observed and performed by Franchisee under the Agreement on or before the effective date of the Transfer or that are otherwise designed to survive Termination and Franchisee will execute any instruments reasonably required by BYou to evidence such liability.

13.5 Franchisee's Officer, Directors, and Owners. Franchisee hereby warrants and represents to BYou that only the individuals named in Schedule D are the officers, directors, and the registered and beneficial owners of Franchisee if Franchisee is a business entity as set out beside their names which representations include all of the issued and outstanding ownership interests of Franchisee. Any Transfer of the legal or beneficial ownership of such ownership interests or any change of Franchisee's effective control without fulfilling the conditions for consent set out in Section 13.3 without BYou's prior written consent constitute an unauthorized assignment of the Agreement and a default under the Agreement. BYou will not unreasonably withhold BYou's consent to a Transfer if the same is to any of Franchisee's shareholders identified in Schedule D or their children or spouses provided that BYou may, without limitation, withhold BYou's consent if any of the conditions contemplated in Section 14.3 (save and except for those conditions set out at Sections 13.3(f) and (k)) are not met. Franchisee will pay BYou all legal fees and disbursements incurred by BYou in connection with such Transfer. Otherwise, BYou may withhold BYou's consent to such Transfer for any reason.

13.6 Advertising Sale of Franchisee's Clinic. Franchisee will not cause or permit any notice or advertisement indicating that Franchisee's Clinic is for sale to appear at, on, or about Franchisee's Clinic

or in printed media of general and regular circulation, radio, Internet, television, or any other media without BYou's prior written consent.

13.7 Transfer by Court Order. If a court of competent jurisdiction orders Franchisee or a Guarantor to Transfer to Franchisee's or a Guarantor's spouse all or any part of Franchisee's or a Guarantor's interest in Franchisee's Clinic or any of Franchisee's Clinic's assets, such an order constitutes a Transfer. The Transferee is subject to all the terms and conditions concerning Transfers in this Section 13.

13.8 Transfer by BYou. BYou may sell, transfer, or assign in whole or in part BYou's interest in the Agreement without prior notice to Franchisee or Franchisee's prior consent or approval. If any such sale, transfer, or assignment occurs, the Agreement inures to the benefit of and is binding upon any Transferee or other legal successor to BYou's interest herein, Franchisee will attorn to such Transferee, and Franchisee will execute any attornment agreement requested by BYou or BYou's Transferee as the case may be. If any sale, transfer, or assignment occurs, BYou is released from all obligations and liability to Franchisee.

13.9 Power of Attorney. Franchisee irrevocably appoints BYou, with full power of substitution, as Franchisee's true and lawful attorney to take any action, execute any document, or do any other act or thing required by Section 13 at Franchisee's sole risk and expense upon Franchisee's failure or refusal to comply fully therewith within ten days after Termination. Franchisee covenants and agrees for Franchisee's successors and assigns to allow, ratify, and confirm whatsoever BYou does by virtue of the foregoing power of attorney. The powers of attorney herein granted may be exercised during any legal incapacity on Franchisee's part.

13.10 Right of First Refusal. Without in any way derogating or otherwise affecting BYou's right to reject a proposed Transferee pursuant to Section 13.1, if Franchisee receives a *Bona Fide* Offer which Franchisee wishes to accept at any time during the Term or any renewal term thereof, or Franchisee intends to make a *Bona Fide* Offer, then Franchisee will forthwith after Franchisee's receipt of same deliver the *Bona Fide* Offer to BYou as an offer to sell Franchisee's Clinic to BYou on the same terms as described in the *Bona Fide* Offer except that BYou is permitted to substitute cash for any other form of payment proposed in the *Bona Fide* Offer. BYou may accept Franchisee's *Bona Fide* Offer at any time within ten business days after BYou's receipt of Franchisee's *Bona Fide* Offer, whereupon such acceptance is deemed to be a binding agreement of purchase and sale between BYou and Franchisee on the terms and conditions contained in Franchisee's *Bona Fide* Offer. If BYou fails to accept Franchisee's *Bona Fide* Offer within ten business days following BYou's receipt of Franchisee's offer, Franchisee may make or accept the *Bona Fide* Offer subject to the provisions of Section 13.2 provided that the transaction contemplated under the *Bona Fide* Offer is completed within 120 days following the expiration of such period of ten business days. If the transaction contemplated under the *Bona Fide* Offer is not completed within such 120-day period or if the terms of the *Bona Fide* Offer are changed from those described in Franchisee's *Bona Fide* Offer to BYou, then Franchisee is obligated to once again comply with this Section 13.10.

SECTION 14 DEATH AND PERMANENT DISABILITY

14.1 Death or Permanent Disability. If any of Franchisee's controlling owners dies or suffers a Permanent Disability, then the rights granted hereunder may be transferred to the heirs or personal representatives of the deceased or disabled shareholder if BYou's prior written consent is first obtained. BYou may elect to not provide BYou's consent to such Transfer unless the conditions set out in Section 13.3 save and except for those conditions set out at Sections 13.3(f) and (k). Notwithstanding the foregoing, Franchisee will pay BYou all legal fees and disbursements incurred by BYou in connection with the Transfer. If such conditions are not satisfied or the Transfer has not been completed within 180 days of the death or Permanent Disability, BYou may terminate the Agreement by notice to the controlling owner's

estate or representative and the provisions of Section 13 will then apply. BYou will pay the costs of any examination required to determine a "Permanent Disability" by this Section 14.1.

SECTION 15 RESTRICTIVE COVENANTS

15.1 In Term Covenants. To maintain the confidentiality of the System, BYou's marketing and operational plans and programs, and other proprietary information, during the Term and any renewal term thereof the Related Parties will not:

(a) Be a member of or otherwise be associated with any consortium or other organization directly or indirectly engaged in the purchase or arranging for the purchase of a Competitive Business;

(b) Directly or indirectly maintain any ownership or leasehold interest in or business affiliation with any franchised system other than a franchise operated under a direct agreement with BYou;

(c) Authorize or allow independent contractors or any third party with whom Franchisee transacts business to use or have access to the Confidential Information;

(d) Carry on, be engaged in, be concerned with, be interested in, or advise, lend money to, guarantee the debts or obligations of, or permit Franchisee's name or any part thereof to be used or employed in a Competitive Business individually, in partnership, jointly, or in conjunction with any Related Party or person, firm, association, syndicate, or corporation, as principal, agent, shareholder, advisor, consultant, or in any manner whatsoever; or

(e) Directly or indirectly engage in any activities that would be detrimental to or interfere with BYou's operation, reputation, or goodwill or that of Franchisee's Clinic or the System including, without limitation, by making, posting, or transmitting disparaging comments about BYou, Affiliates, the Trademarks, Franchisee's Clinic, other of BYou's franchisees, or the System in an advertisement, letter, e-mail, Internet chat room, teleconference, website, social or professional networking site, or any other similar medium.

15.2 Post Term Covenants. Upon Termination and for a period of two years thereafter:

(a) Franchisee, Guarantors, and each of their respective Related Parties, officers, directors, shareholders, partners, employees, consultants, distributors, agents, or the members of Franchisee's or their immediate families or households who have access to or knowledge of the System or the Manual will not have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative, adviser or agent in a Competitive Business within 20 miles of the Premises or any other Clinic; and

(b) Franchisee will not on Franchisee's own behalf or on behalf of or in connection with any person or entity directly or indirectly interfere or attempt to interfere with the System or persuade or induce or attempt to persuade or induce any of BYou's or Affiliates' franchisees, prospective franchisees, clients, prospective clients, employees, or suppliers to discontinue or alter such person's relationship with BYou or otherwise denigrate BYou's reputation or undermine BYou's goodwill or the Trademarks in any manner whatsoever.

If any person restricted by this provision refuses to voluntarily comply with the foregoing obligations, the two-year period referred to in this Section 15.2 will commence with the entry of any order of a court enforcing this provision. FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT

FRANCHISEE AND FRANCHISEE'S GUARANTORS POSSESS SKILLS AND ABILITIES OF A GENERAL NATURE AND HAVE OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET OUT ABOVE WILL NOT DEPRIVE FRANCHISEE OR FRANCHISEE'S GUARANTORS OF THE ABILITY TO EARN A LIVING.

15.3 Severability. BYou has attempted in Section 15.2 above to limit Franchisee's right to compete only to the extent necessary to protect BYou from unfair competition. If any provision of Section 15.2 is determined by a court of competent jurisdiction to exceed any lawful scope or limit with respect to duration, geographic coverage, or otherwise, then the maximum limit allowed by law or a court of competent jurisdiction will apply. BYou may unilaterally reduce the scope of said provision without Franchisee's consent at any time effective immediately upon notice to Franchisee.

15.4 Exception. Nothing in this Section 15 will prevent any of Franchisee's active officers or members of Franchisee's family or household to individually or collectively own up to a total of 5% of the issued capital stock of any public company.

15.5 Application of Section 15. If Franchisee is not an individual, this Section 15 will also apply to Franchisee and Franchisee's officers, directors, shareholders, partners, members, trustees, beneficiaries, principals, and any persons controlled by, controlling, or under common control with Franchisee.

15.6 Survival. The provisions of this Section 15 survive Termination for any reason.

SECTION 16 NOTICES

16.1 Written Notices. Any notice or other communication required or permitted hereunder is sufficiently given if in writing and personally delivered, e-mailed, or if mailed by prepaid registered mail and addressed to the party for whom it is intended at the address indicated on the Summary Page or to such other address of which notice is given hereunder and with a courtesy copy to:

Seamus M. Ryan, Esq.
Ryan Legal Services PLLC
4546 North Kasson Avenue
Chicago, Illinois 60630

Each such notice or other communication is deemed to have been given when personally delivered or e-mailed if a business day or on the next business day, or on the fifth business day following the date on which it was deposited in the mail, provided that if such notice or other communication is mailed and if normal mail service is interrupted prior to such fifth business day, then such notice or other communication must be delivered by another permitted method. For the purposes hereof, personal delivery includes delivery by a professional courier. Franchisee may be required to obtain an e-mail address in order to accept electronic communication from BYou.

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SECTION 17

INDEPENDENT CONTRACTOR

17.1 Franchisee is an Independent Contractor.

(a) Franchisee will not permit the general public to confuse Franchisee with BYou. Franchisee is not BYou's agent, but is an independent contractor completely separate from BYou. Franchisee has no authority to bind or attempt to bind BYou in any manner or form whatsoever or to assume or incur any express or implied obligation or responsibility on behalf of BYou or in BYou's name. The Agreement is not and will not be construed to constitute Franchisee as BYou's partner, joint venturer, employee, subsidiary, agent, or representative for any purpose whatsoever. The Agreement does not create a relationship of fiduciary standards, special trust, or confidence.

(b) All of Franchisee's employees are Franchisee's responsibility and Franchisee acknowledges that Franchisee is the sole and exclusive employer of Franchisee's employees with the sole right to hire, establish wages, hours, benefits, employment policies, vacations, scheduling, performance evaluations, promotions, demotions, work assignments, and other terms and conditions of employment for Franchisee's employees. Only Franchisee may discipline and discharge Franchisee's employees and may do so without consultation with or approval by BYou. BYou has no control over the terms and conditions of employment of Franchisee's employees. Franchisee and BYou acknowledge that the employees are employees of Franchisee and not employees of BYou and should not be held out to third parties to be BYou's employees. Franchisee will notify and communicate clearly with Franchisee's employees in all dealings including, without limitation, employment applications, written and electronic correspondence, pay checks, employee handbooks, employment policies and procedures, and other written materials that only Franchisee is their employer and that BYou is explicitly not their employer.

(c) To the extent that the Manual includes information, specifications, procedures, criteria, or requirements for the employees of Franchisee's Clinic, such requirements will be interpreted exclusively for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the Trademarks, and to ensure System uniformity requirements and standards concerning the Products and Services. Under no circumstance will the same relate to the employer-employee relationship. Franchisee's compliance with all Applicable Laws will be exclusively determined and managed by Franchisee. Notwithstanding anything in the Agreement to the contrary, the terms of the Agreement will take precedence and govern if a conflict between the Agreement and the Manual arises issue relating to "joint employer" status or a similar issue.

(d) Franchisee will advise each of Franchisee's suppliers, vendors, Franchisee's clients, the media, the public, and all others with whom Franchisee deals that Franchisee's Clinic is owned by Franchisee, that Franchisee is an independent contractor, and that all debts and liabilities incurred by Franchisee are for Franchisee's account only. Without limiting the generality of the foregoing, Franchisee will display signage produced or approved by BYou in a prominent, accessible place to that effect at a specific place at the Premises at Franchisee's expense for the purpose of increasing public awareness that Franchisee's Clinic is owned independently by Franchisee as BYou may require.

17.2 Third Parties. The parties intend to confer no benefit or right on any person or entity not a party to the Agreement. Except as explicitly stated in the Agreement, no third party has the right to claim the benefit of any provision hereof as a third party beneficiary of any such provision.

SECTION 18
GENERAL PROVISIONS

18.1 Schedules. The following schedules to the Agreement form an integral part of the Agreement:

- (a) Schedule A: Guarantee;
- (b) Schedule B: Acknowledgement;
- (c) Schedule C: Auto-Debit Authorization Agreement;
- (d) Schedule D: Holders of Legal or Beneficial Interest, Officers, and Directors;
- (e) Schedule E: General Security Agreement;
- (f) Schedule F: Addendum to Lease;
- (g) Schedule G: Listing Assignment Agreement; and

References to the Agreement include the Schedules.

18.2 Modification of Agreement and BYou's Modification Rights. The Agreement may be modified only with the written consent of both parties except as stated herein. BYou expressly reserves the right to modify the Manual, the System, the Clinic concept, and Trademarks including as detailed in Section 9.13 without Franchisee's consent.

18.3 Survival of Obligations. Notwithstanding Termination, Franchisee is not released from any of Franchisee's obligations under the Agreement that expressly or by their very nature survive Termination including, without limitation, payment of any amounts due to BYou or Affiliates, compliance with any confidentiality and non-competition and other restrictive covenants, and observance of any other obligation or covenants which by their nature continue to apply after Termination.

18.4 Severability of Illegal Provisions. All of the provisions of the Agreement are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate section hereof. Should any provision of the Agreement be or become invalid, void, illegal, or unenforceable, it is considered during such period that it is invalid, void, illegal, or not enforceable to be separate and severable from the Agreement and the remaining provisions will remain in force and be binding upon the parties hereto as though such provision had not been included.

18.5 Governing Law and Choice of Forum. The Agreement is governed by and interpreted and construed under the laws of New York. Any action or other legal proceeding arising out of or relating to the Agreement or the franchise relationship must be brought in New York unless the parties agree otherwise in writing. Notwithstanding the foregoing and subject to Section 18.6 below, BYou may use the state or federal courts anywhere in the United States with respect to matters related to the Trademarks.

18.6 Dispute Resolution and Arbitration. All disputes arising out of or in connection with the Agreement or any related agreement, or in respect of any legal relationship associated with or derived from the Agreement or any related agreement including any dispute arising from any Guarantee will be finally resolved without appeal by arbitration under the then-current rules of the American Arbitration Association. The arbitration will take place in New York, New York unless the parties agree otherwise. The language of the arbitration will be English. The arbitration may include any person or entity not a party to the

Agreement provided the allegations brought by or made against that party arise out of or are related to the foregoing subject matter and the said non-party and non-signatory consents. Notwithstanding the foregoing, BYou and Franchisee are not precluded from seeking injunctive, mandatory, or other extraordinary relief from a court pending such time as an arbitration can be commenced and an arbitrator or arbitral tribunal be seized of the issue or issues concerning which injunctive, mandatory, or other extraordinary relief is sought provided that the party seeking such relief from a court will act expeditiously to commence an arbitration and bring the said issue or issues before the arbitrator or arbitral tribunal. BYou and Franchisee are not precluded from seeking in court any relief or the determination of any issue for which the arbitrator does not have jurisdiction to decide or to grant a remedy under applicable law. Except to the extent otherwise required by applicable law, arbitration will be confidential and neither the proceedings nor the result will be communicated to persons other than the parties and their professional advisors; however, any order made by the arbitrator or arbitral tribunal may be filed with a court, made into, or adopted as part of a court order for purposes of enforcement in accordance with applicable law and court practice or otherwise disclosed as required by law.

18.7 Reasonableness. Whenever BYou's consent or approval is required under the terms of the Agreement, such consent or approval will not be unreasonably withheld or delayed except as otherwise specifically provided for. Franchisee's sole remedy if BYou unreasonably withholds or delays consent or approval is an action for specific performance and BYou is not liable for damages. Whenever BYou's consent or approval is required to be given under the Agreement or BYou's approval of any act or performance by Franchisee is required, such consent or approval is not effective unless same is in writing.

18.8 Unavoidable Delays. Whenever and to the extent that either Franchisee or BYou are unable to fulfill or are delayed or restricted in the fulfillment of any obligation hereunder with respect to the supply or provision of any service or utility, the doing of any work, or the making of any repairs by reason of (i) being unable to obtain the material, goods, equipment, service, utility, or labor required to enable Franchisee or BYou to fulfill such obligation, (ii) any statute, law, by-law, or any regulation or order passed or made pursuant thereto, (iii) the order or direction of any legislative, administrative, or judicial body, controller, board, any governmental department, any governmental officer, or any other authority having jurisdiction, (iv) Franchisee's or BYou's inability to procure any license or permit required therefor, (v) not being able to obtain any permission or authority required therefor, (vi) any strikes, lockouts, slow-downs or other combined action of workmen, (vii) shortages of material, (viii) riots, insurrection, sabotage, acts of God, pandemics, or acts of terror, or (ix) any other cause beyond Franchisee's or BYou's control other than any insolvency, lack of funds, or other financial cause of delay, BYou or Franchisee are relieved from the fulfillment of such obligation as applicable so long as such cause continues provided always that except as may be expressly provided in the Agreement Franchisee is not entitled to any compensation for any inconvenience or nuisance or discomfort thereby occasioned, to terminate the Agreement, or to receive any abatement of any payments due to BYou under the Agreement. Without limiting the generality of the foregoing, the provisions of this Section 18.8 do not in any way operate to excuse Franchisee from the prompt payment of any fees, Royalties, Marketing Contributions, or other sums required to be paid to BYou or Affiliates by the terms of the Agreement or from the prompt performance of any of Franchisee's other obligations hereunder where such prompt performance is delayed, hindered, or prevented by reason of lack of funds.

18.9 Entire Agreement. There are no terms and conditions which at the date of execution of the Agreement are additional or supplemental to those set out in the Agreement. The Agreement and the Schedules attached hereto contains the entire agreement between the parties hereto with respect to the subject matter of the Agreement and supersede all prior agreements. No other representations have induced either party to execute the Agreement. Franchisee covenants that Franchisee has not relied upon any statements, representations, agreements, or warranties made by BYou except as set out in the Agreement. Nothing in this Section 18.9 is intended as nor will be interpreted to be a disclaimer by BYou of any

representation made in the Disclosure Document including the exhibits and any amendments or material change statements to the Disclosure Document.

18.10 No Implied Surrender or Waiver. No provision of the Agreement is deemed to have been waived by BYou unless such waiver is in writing signed by BYou. BYou's waiver of a breach of any term or condition of the Agreement does not prevent a subsequent act that would have originally constituted a breach from having all the force and effect of any original breach. BYou's receipt of any payment from Franchisee with knowledge of a breach by Franchisee of any term or condition of the Agreement is not deemed a waiver of such term or condition. No act or thing done by BYou, BYou's agents, or employees during the Term or any renewal term is valid unless in writing and signed by BYou. No payment by Franchisee or receipt by BYou of a lesser amount than the amounts payable by Franchisee due hereunder is deemed to be other than on account of the earliest stipulated payment, nor is any endorsement or statement on any check or any letter accompanying any check deemed an accord and satisfaction. BYou may accept such check or payment without prejudice to BYou's right to recover the balance of such payment or pursue any other remedy available to BYou.

18.11 Joint and Several Liability. If there is more than one person or entity named as Franchisee, they are bound jointly and severally by the terms, covenants, and agreements contained on Franchisee's part under the Agreement. Any notice required or permitted by the terms of the Agreement may be given by or to any one of them and has the same force and effect as if given by or to all of them.

18.12 Power, Capacity, and Authority. Franchisee covenants, represents, and warrants that Franchisee has the power, capacity, and authority to enter into the Agreement and perform Franchisee's obligations hereunder and that there are no covenants, restrictions, or commitments given by Franchisee that prevent or inhibit Franchisee from entering into the Agreement.

18.13 Drafting of the Agreement. Franchisee covenants that Franchisee has had ample opportunity to participate in drafting or modifying the form and content of the Agreement during negotiations prior to execution and delivery by Franchisee and agrees that any rule of law which provides that ambiguities are construed against the "drafting party" are of no force or effect.

18.14 No Offer. Notwithstanding the submission of a copy of the Agreement in either blank form or with the particulars inserted or receipt of a deposit or the first payment by Franchisee to BYou when the Agreement is received by BYou for execution from Franchisee, no contractual or other right exists in Franchisee's favor with respect to Franchisee's Clinic until both Franchisee and BYou have executed and delivered the Agreement to each other.

18.15 Set Off. If BYou is liable for any payment or reimbursement to Franchisee, BYou has the right to set off such reimbursement or liability against Franchisee's liabilities to BYou or Affiliates unless otherwise prohibited by the Agreement.

18.16 Time of Essence. Time is of the essence for the Agreement.

18.17 BYou's Agent. BYou may perform any of BYou's obligations or exercise any of BYou's rights hereunder through such agency as BYou may from time to time determine and Franchisee will pay to any such agent any monies payable hereunder to BYou as directed by BYou.

18.18 Accounting Principles. All calculations referred to herein must be made in accordance with standard principles and practices applicable to the System applied on a consistent basis.

18.19 Further Assurances. Franchisee will execute such further assurances, agreements, and documents and do or cause to be done such further acts that BYou deems reasonably necessary to give effect to the terms and conditions of the Agreement.

18.20 Confidentiality. Franchisee will use Franchisee's best efforts to keep the provisions of the Agreement, the Manual, the Confidential Information, and other information and material Franchisee receives in connection with the Agreement confidential.

18.21 Exculpatory Provisions. In all provisions of the Agreement containing a release, indemnity, or other exculpatory language in BYou's favor, references to Franchisee includes reference to the Released Persons.

18.22 Language. The Agreement and related documents will be drafted in English.

18.23 Injunctive Relief. Franchisee recognizes the unique value and secondary meaning attached to the System, the Trademarks, BYou's standards of operation, and BYou's trade practices and acknowledges that any noncompliance with the terms of the Agreement or any unauthorized or improper use will cause irreparable damage to BYou, the System, and BYou's franchisees. If Franchisee engages in any such unauthorized or improper use during or after the Term or any renewal thereof, BYou may apply for interim, interlocutory, or final mandatory, injunctive, or other extraordinary relief, restraining order, decree, declaration, or other remedies from any court of competent jurisdiction or in any arbitral proceeding in addition to any other remedies prescribed by law.

18.24 No Misrepresentations. Franchisee represents to BYou as an inducement to BYou's execution of the Agreement that Franchisee has made no misrepresentations to obtain the Agreement.

18.25 Inurement. The Agreement and all portions hereof inure to the benefit of and are binding upon the parties hereto and their respective heirs, executors, administrators, successors, permitted assigns, and other legal representatives excepting only that the Agreement does not inure to the benefit of any of such parties unless and only to the extent expressly permitted by the Agreement.

18.26 Receipt of Disclosure Document. WHERE FRANCHISEE'S STATE REQUIRES COMPLIANCE WITH PRE-SALE FRANCHISE DISCLOSURE LAWS, FRANCHISEE ACKNOWLEDGES RECEIPT FROM BYOU OF A MATERIALLY COMPLETE COPY OF THE AGREEMENT AND ITS SCHEDULES TOGETHER WITH A COPY OF BYOU'S DISCLOSURE DOCUMENT AT ONE TIME AND IN ONE DOCUMENT IN ACCORDANCE WITH ALL APPLICABLE FRANCHISE LEGISLATION AT LEAST 14 DAYS PRIOR TO THE EARLIER OF (I) THE DATE ON WHICH THE AGREEMENT OR ANY OTHER AGREEMENT IS EXECUTED, OR (II) ANY PAYMENT OF ANY CONSIDERATION BY OR ON BEHALF OF FRANCHISEE TO BYOU OR ANY OF BYOU'S AFFILIATES FOR THE GRANT OF THE FRANCHISE CONTEMPLATED HEREIN.

18.27 Consent to Disclosure of Personal and Confidential Information. Franchisee hereby expressly permits BYou to disclose in BYou's Disclosure Document (whether required by law or made available on a voluntary basis) personal and confidential information related to Franchisee's Clinic, Franchisee, Franchisee's officers, directors, and shareholders including, without limitation, Franchisee's and their names, addresses, telephone numbers, and facsimile numbers, the sales, revenues, expenses, costs, results of operations, and similar information regarding Franchisee's Clinic, and any information regarding non-renewal, closure, expiration, or Termination. Franchisee will obtain the consent of Franchisee's officers, directors, and shareholders necessary to permit the disclosure of their personal information as contemplated under this Section 18.27. Without limiting the generality of the foregoing, BYou has the right to make available for inspection by any of Franchisee's intended transferees any part of BYou's records relating to

the Agreement, Franchisee's Clinic, or BYou's relationship with Franchisee. Franchisee hereby consents to such disclosure by BYou and will release and hold BYou, Affiliates, and their respective officers, directors, agents, and employees harmless from and against any claim, loss, or injury resulting from an inspection of BYou's records or release of such information.

18.28 No Representation of Uniformity. BYou makes no warranty or representation that all Franchise Agreements heretofore or hereafter issued by BYou do or will contain terms substantially similar to those contained in the Agreement. BYou may waive or modify comparable provisions of other Franchise Agreements heretofore or hereafter granted to other franchisees in a non-uniform manner including any increase or decrease to the initial franchise fee, Royalties, or other payments made to BYou or Affiliates under the Agreement in BYou's reasonable business judgment due to local business conditions or otherwise.

18.29 Notice of Potential Profit. BYou or Affiliates:

(a) May make available to Franchisee or require Franchisee to purchase Products or Services for use in Franchisee's Clinic from which BYou may make a profit on the sale;

(b) May receive Rebates from suppliers or manufacturers with respect to sales of equipment, Products, or Services to Franchisee or in consideration of services rendered or rights licensed to such persons whether or not on account of purchases made (i) by BYou for BYou's own account or for Franchisee's account, BYou's franchisees generally, or other brands now or ever owned by BYou or Affiliates, or (ii) by Franchisee directly for Franchisee's own account. Franchisee acknowledges that BYou's designated suppliers may not offer the lowest prices for every item, but for the sake of group buying, consistency, and other benefits to the System, Franchisee will buy from these suppliers only;

(c) Are entitled to retain or distribute the whole or any part of benefits to partially compensate BYou or Affiliates for BYou's for their ongoing efforts in establishing and maintaining quality sources of supply, in evaluating potential new suppliers, and in monitoring and evaluating approved suppliers and upstream manufacturers to ensure that those suppliers and manufacturers meet BYou's quality and performance standards; and

(d) If applicable, may derive a profit from the design and construction of Franchisee's Clinic or as a result of tenant inducements or tenant allowances all of which BYou or Affiliates are entitled to retain.

18.30 Remedies are Cumulative. No reference to or exercise of any specific right or remedy including any termination rights by BYou will prejudice or preclude BYou from exercising or invoking any other remedy whether allowed under the Agreement or generally at law or in equity and the express provisions of the Agreement as to certain rights and remedies are not to be interpreted as excluding any other or additional rights and remedies available to BYou generally at law or in equity.

18.31 Actions Prior to the Execution of the Agreement. It is in the parties' interests to ensure that the activities relating to the solicitation, negotiation, and grant of a franchise for Franchisee's Clinic have complied with all applicable franchise pre-sale laws and regulations. To assist in doing so, Franchisee and each of Franchisee's owners and Guarantors will simultaneously with the execution of the Agreement truthfully and thoroughly complete the Acknowledgement attached as Schedule B. BYou will not execute the Agreement unless the Acknowledgement does not contain responses that might suggest that a violation of any applicable franchise law or regulation has occurred.

18.32 Counterparts and Electronic Signatures. The Agreement may be executed in counterparts, and each counterpart when so executed and delivered will be deemed to be an original. Such counterparts taken together will constitute one and the same instrument. Electronic signatures and signatures transmitted by email or facsimile transmission will have the same full force and effect as originally executed signatures.

18.33 No Offer. Notwithstanding the submission of a copy of the Agreement in either blank form or with the particulars inserted or receipt of a deposit or the first payment by Franchisee to BYou when the Agreement is received by BYou for execution from Franchisee, no contractual or other right exists in Franchisee's favor with respect to Franchisee's Clinic until both Franchisee and BYou have executed and delivered the Agreement to each other.

IN WITNESS WHEREOF, the parties have caused the Agreement to be duly executed effective as of the Effective Date.

BYOU:

BYOU FRANCHISING LLC,
a Florida limited liability company

By: _____

Name: _____

Title: _____

Date: _____
(Effective Date)

FRANCHISEE:

_____,
a(n) _____

By: _____

Name: _____

Title: _____

Date: _____

OR

By: _____,
individually

Name: _____

Date: _____

SCHEDULE A
GUARANTEE

In consideration of, and as an inducement to, the execution of a BYou Franchising LLC Franchise Agreement dated _____ (the “**Agreement**”), by BYOU FRANCHISING LLC (“**BYou**”) in favor of _____ (“**Franchisee**”), each of the undersigned (“**Guarantor(s)**”) hereby personally and unconditionally guarantee to BYou, its affiliates, and their successors and assigns for the term of the Agreement and thereafter that Franchisee will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement. Guarantor(s) will be personally and unconditionally bound by each and every undertaking, agreement, and covenant of Franchisee set forth in the Agreement. Guarantor(s) will personally comply with and abide by the non-competition provisions, other restrictive covenants, and non-disclosure provisions of the Agreement and by the provisions in the Agreement relating to trademarks, assignment, and transfer to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of Guarantor(s) will survive any expiration, transfer, or termination of the Agreement or the Guarantee.

Guarantor(s) waives the following:

- (a) Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (b) Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
- (c) Any right Guarantor(s) may have to require that any action be brought against Franchisee or any other person as a condition of liability.

Guarantor(s) consents and agrees that:

- (a) Guarantor(s)’s direct and immediate liability as defined herein will be joint and several;
- (b) Guarantor(s) will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- (c) Guarantor(s)’s liability will not be contingent or conditioned upon pursuit by BYou of any remedies against Franchisee or any other person; and
- (d) Guarantor(s)’s liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence that BYou may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guarantee that will irrevocably continue for the term of the Agreement.

If BYou, its affiliates, or its successors and assigns are required to enforce this Guarantee in any judicial proceeding or appeal thereof, Guarantor(s) will reimburse BYou, its affiliates, or its successors and assigns for costs and expenses including, without limitation, reasonable fees for accountants, attorneys, attorney assistants, and expert witnesses, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing, or proceeding to enforce this Guarantee.

Guarantor(s) acknowledges that certain disputes relating to the Agreement will be resolved by arbitration and hereby consents to such arbitration in accordance the Agreement. The terms contained in the Agreement, any applicable addendum, and this Guarantee constitute the entire agreement between the parties relating to this Guarantee, and there are no representations, inducements, promises, or agreements between the parties not embodied herein.

IN WITNESS WHEREOF, Guarantor(s) has affixed Guarantor(s)'s signature to this Guarantee effective as of the same day and year as the Agreement was executed.

GUARANTOR(S):

By: _____

Name: _____

Address: _____

Date: _____

By: _____

Name: _____

Address: _____

Date: _____

By: _____

Name: _____

Address: _____

Date: _____

By: _____

Name: _____

Address: _____

Date: _____

SCHEDULE B
ACKNOWLEDGMENT

FROM: _____ (“**FRANCHISEE**”) and

_____ (individually and collectively, “**GUARANTORS**”)

TO: BYOU FRANCHISING LLC (“**BYOU**”)

RE: BYOU FRANCHISING LLC FRANCHISE AGREEMENT DATED _____
(the “**FRANCHISE AGREEMENT**”)

IN CONSIDERATION of BYou executing the Franchise Agreement and granting Franchisee a franchise pursuant to the Franchise Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of Franchisee and Guarantors jointly and severally acknowledge and agree as follows:

1. They have each received, have had ample time to read, and have read the Franchise Agreement including all Schedules attached thereto and BYou’s Franchise Disclosure Document, are cognizant of each and every one of the terms and provisions thereof, and agree thereto. Without limitation, each of Franchisee and Guarantors jointly and severally will require each of Franchisee’s owners to execute a covenant agreeing not to transfer any interest in Franchisee except in accordance with the terms and conditions of the Franchise Agreement and will promptly deliver such covenants to BYou upon BYou’s request;

2. They have each had an opportunity to be advised by advisors of their own choosing regarding all pertinent aspects of the franchise granted by BYou and the business venture contemplated by the Franchise Agreement;

3. BYou may receive a referral payment, benefit, allowance, credit, fee, commission, discount, bonus, rebate, or other benefit or consideration (collectively, “**Rebates**”) in connection with the construction of the premises and the equipment, goods, services, or facilities purchased, leased, or obtained by Franchisee from designated suppliers and contractors. The benefit of such Rebates may not necessarily be passed onto Franchisee and BYou may keep such Rebates for its own use and benefit; and

4. The success of the business venture contemplated to be undertaken by Franchisee pursuant to the Franchise Agreement involves risks and is speculative and depends on (i) the ability of Franchisee as an independent entity and businessperson, (ii) the acceptance of the business in the community, (iii) external economic forces, (iv) Franchisee’s or Guarantors’ ability as an independent businessperson and active participation in the daily affairs of the business, and (v) other factors. BYou cannot guarantee the success of Franchisee’s franchise.

BYou, Guarantors, and Franchisee agree as follows:

1. BYou and its officers, directors, agents, employees, or contractors do not make any representation or warranty as to the potential success of the business venture herein contemplated, nor did any one of them induce Franchisee or Guarantors to enter into the Franchise Agreement or to provide the Guarantee in reliance upon any such representation or warranty; and

2. That Franchisee has entered into the Franchise Agreement after making an independent investigation of the proposed business and is not relying upon any express or implied representation or warranty by BYou or its officers, directors, employees, or agents regarding revenue, profits, or success which Franchisee or Guarantors might be expected to realize, nor has anyone made any other warranty or representation which is not expressly set out in the Franchise Agreement to induce Franchisee to execute the Franchise Agreement or Guarantors to provide the Guarantee.

When used in this Acknowledgment, all words and expressions which are capitalized have the same meaning as given thereto in the Franchise Agreement unless otherwise defined herein. The signatures affixed to the Franchise Agreement including any Schedules were affixed as a wholly voluntary act of the person who signed the Agreement. The terms and provisions of the Franchise Agreement including all Schedules cannot be changed or modified unless in writing signed by an authorized representative of Franchisee and an authorized officer of BYou.

By signing below, Franchisee indicates that Franchisee fully understands and accepts the risks described above and all other risks not described above that may affect Franchisee's ability to profitably operate Franchisee's franchise. Any questions or doubts that Franchisee may have about BYou or the Franchise Agreement are stated as follows:

IN WITNESS WHEREOF, the parties hereto have caused this Acknowledgement to be duly executed as of the date of the Franchise Agreement.

FRANCHISEE:

_____,
a(n) _____

By: _____

Name: _____

Title: _____

Date: _____

OR

By: _____
 individually

Name: _____

Date: _____

SCHEDULE C
AUTO-DEBIT AUTHORIZATION AGREEMENT

Franchisee Information:

Name: _____

Address: _____

Telephone: _____

Email Address: _____

Account Information:

Financial Institution: _____

Name: _____

Address: _____

Telephone: _____

Routing Number: _____

Account Name: _____

Account Number: _____

Franchisee hereby authorizes BYou Franchising LLC (“**BYou**”) to initiate debit entries to Franchisee’s account with the financial institution above and Franchisee authorizes the financial institution to accept and to debit the amount of such entries from Franchisee’s account. Each debit will be made in an amount sufficient for any fees payable to BYou pursuant to any agreement between BYou and Franchisee and any purchases of goods or services from BYou or any affiliate of BYou. Franchisee will be bound by the National Automated Clearing House Association rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until BYou has received written notification from Franchisee of its termination in such time and in such manner as to afford BYou and the financial institution a reasonable opportunity to act upon it. Franchisee will notify BYou of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Franchisee: _____

Date: _____

By: _____

Name: _____

Title: _____

SCHEDULE D
HOLDERS OF LEGAL OR BENEFICIAL INTEREST, OFFICERS, AND DIRECTORS

1. Franchisee's Name: _____.
2. Franchisee's Form of Ownership: _____.
3. Franchisee's State of Incorporation/Organization: _____.
4. Franchisee's Date of Incorporation/Organization: _____.
5. Franchisee's Ownership:

Franchisee will report any changes to the above information to BYou for BYou's approval at least ten (10) business days prior to the date such changes take effect.

FRANCHISEE:

_____,
a(n) _____

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE E
GENERAL SECURITY AGREEMENT

TO: BYOU FRANCHISING LLC AND ANY SUBSIDIARY OR AFFILIATE (collectively, “**Secured Party**”)

GRANTED
BY: _____ (“**Franchisee**”)

1. Secured Party and Franchisee are parties to that certain BYou Franchising LLC Franchise Agreement between Secured Party and Undersigned dated _____ (the “**Franchise Agreement**”). Franchisee hereby grants a security interest to Secured Party in the property and proceeds thereof of Franchisee’s assets used in connection with the operation of Franchisee’s Clinic (as such term is defined in the Franchise Agreement) including, without limitation, Franchisee’s equipment, inventory, and accounts receivables and the proceeds thereof (collectively, the “**Collateral**”).

2. The secured interest herein secures the timely payment of any indebtedness including, without limitation, interest and financing charges owing by Franchisee to Secured Party or any affiliate thereof whether such indebtedness is now existing or hereafter incurred including any extensions or renewals thereof and the timely observance and performance of all covenants and obligations of Franchisee under the Franchise Agreement and any other agreement now existing or hereafter entered into between Franchisee and Secured Party or any affiliate thereof (collectively, the “**Obligations**”).

3. Franchisee represents and warrants as follows:

- (a) Franchisee is or will become the beneficial owner of the Collateral;
- (b) Franchisee has or will the right to create mortgages and charges of and grant a security interest in the Collateral in favor of Secured Party;
- (c) The Collateral is or will be when acquired free and clear of all security interests, mortgages, hypothecs, charges, liens, encumbrances, taxes, and assessments; and
- (d) This General Security Agreement constitutes Franchisee’s legal, valid, and binding obligation.

4. Franchisee covenants that:

- (a) Franchisee will diligently maintain, use and operate the Collateral and will carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Collateral;
- (b) Franchisee will keep the Collateral properly insured against loss or damage by fire or other hazards;
- (c) Franchisee will pay all rents, taxes, rates, levies, assessments, and government fees or dues lawfully levied, assessed, or imposed, and all fees payable to suppliers for the Collateral or any part thereof as and when the same becomes due and payable;
- (d) Franchisee will duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms, and conditions upon or under which the Collateral is held;

(e) Franchisee will furnish to Secured Party such information regarding the Collateral and the insurance thereon as Secured Party may require;

(f) Franchisee will defend the title to the Collateral against all persons and will execute any written instruments or do any other acts necessary to make effective the purposes and provisions of this General Security Agreement upon Secured Party's request;

(g) Franchisee will not sell, exchange, assign, lease, or otherwise dispose of the Collateral or any interest therein and will not remove it from the address set out at the end of this General Security Agreement without Secured Party's prior written consent other than in the ordinary course of Franchisee's business; and

(h) All costs and expenses including, without limitation, legal expenses and disbursements incurred by Secured Party to enforce the remedies provided herein or by reason of non-payment of the Obligations will be added to and become part of the Obligations payable on demand.

5. At Secured Party's option, the Obligations may become immediately due and payable in full upon demand by Secured Party upon the occurrence of any of the following events:

(a) Franchisee fails to pay the Obligations when they are due or breaches any covenant in the Agreement;

(b) Any of the representations and warranties herein is or becomes incorrect in any respect at any time;

(c) Franchisee ceases or threatens to cease to carry on its business, commits an act of bankruptcy, becomes insolvent, makes an assignment or bulk sale of its assets, or proposes a compromise or arrangement to its creditors;

(d) A receiver, administrator, or manager of Franchisee's property, assets, or undertakings is appointed;

(e) Possession of any part of the Collateral is taken by an encumbrancer;

(f) Any execution or any other process of any court becomes enforceable against Franchisee or if any distress or analogous process is levied upon the Collateral or any part thereof; or

(g) Franchisee declares bankruptcy or is declared bankrupt; or

6. Upon any such default described in Paragraph 5 above, the Obligations are due and payable forthwith and Secured Party thereupon has the rights and remedies of a Secured Party under applicable law. Secured Party may take proceedings in any court of competent jurisdiction for the amount owing by Franchisee to Secured Party and exercise any or all other rights Secured Party may have with respect to Franchisee and the Collateral.

7. The parties acknowledge that:

(a) All proceeds of the Collateral are held in trust by Franchisee for Secured Party;

(b) Provisions of this General Security Agreement bind and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties;

(c) If more than one person executes this General Security Agreement as Franchisee, their obligations under this General Security Agreement are joint and several;

(d) This General Security Agreement is governed by the laws of New York;

(e) Franchisee will receive an executed copy of this General Security Agreement upon execution; and

(f) This General Security Agreement becomes effective as of the Effective Date.

IN WITNESS WHEREOF, the parties hereto have caused this General Security Agreement to be duly executed as of the Effective Date.

SECURED PARTY:

FRANCHISEE:

BYOU FRANCHISING LLC,
a Florida limited liability company

_____,
a(n) _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

OR

By: _____,
individually

Name: _____

Date: _____

[INSTRUCTIONS: INSERT FRANCHISEE'S ADDRESS AND ADDRESS WHERE COLLATERAL IS LOCATED HERE. IF MORE THAN ONE LOCATION, STATE HERE AND ATTACH LIST OF ALL LOCATIONS.]

SCHEDULE F
ADDENDUM TO LEASE

This ADDENDUM TO LEASE dated _____ (the “**Addendum**”), is entered into by and between _____ (“**Landlord**”), _____ (“**Tenant**”), and BYOU FRANCHISING LLC (“**BYou**”).

RECITALS

WHEREAS, Landlord and Tenant will enter into a certain lease agreement (the “**Lease**”) dated _____, pertaining to the premises located at _____ (the “**Premises**”);

WHEREAS, Tenant and BYou are parties to that certain BYou Franchising LLC Franchise Agreement dated _____ (the “**Franchise Agreement**”);

WHEREAS, Landlord acknowledges that Tenant intends to operate a franchised aesthetic clinic from the Premises pursuant to the Franchise Agreement under the name “BYou” or such other name designated by BYou (the “**Clinic**”); and

WHEREAS, the parties desire to amend the Lease in accordance with the terms and conditions contained herein.

AGREEMENT

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Remodelling and Decor. Tenant has the right to remodel, equip, paint, and decorate the interior of the Premises and display such proprietary marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant operates the Clinic on the Premises. Landlord acknowledges that any signage bearing the name “BYou” or any other trademarks used or licensed by BYou on the Premises are the property of BYou. Landlord will not use or acquire any interest in any property bearing the “BYou” name or any other trademarks used or licensed by BYou.

2. Assignment.

(a) Landlord will not allow Tenant to assign, sublease, or otherwise transfer the Lease or Premises without BYou’s prior written consent.

(b) Tenant may assign all of its right, title, and interest in the Lease to BYou or BYou’s affiliates at any time during the term of the Lease without first obtaining Landlord’s consent. No assignment is effective until such time as BYou or BYou’s affiliate gives Landlord written notice of BYou’s acceptance of such assignment. Nothing contained herein or in any other document will make BYou or its designated affiliate a party to the Lease until an assignment occurs. No liability or obligation of BYou or BYou’s affiliates will accrue until the Lease is assigned to BYou or BYou’s affiliate and accepted in writing by BYou or BYou’s affiliate. Tenant will remain liable under the terms of the Lease following any assignment to BYou or BYou’s affiliate.

3. Default and Notice.

(a) If a default or violation by Tenant under the terms of the Lease occurs, Landlord will give Tenant and BYou written notice of such default or violation with respect to any obligation, covenant, or agreement to be performed by Tenant within a reasonable time after Landlord receives knowledge of its occurrence. If Landlord gives Tenant a default notice, Landlord will contemporaneously give BYou a copy of such notice. At BYou's election by written notice to Landlord and Tenant, BYou may, but is not obligated to, either:

(i) Cure such default. BYou has an additional 60 days from the expiration of Tenant's cure period in which to cure the default or violation. If BYou cures such default or if the default is incurable, BYou may elect to take an assignment of the Lease upon written notice to Landlord and Tenant in which event Tenant will immediately assign the Lease to BYou in a form reasonably satisfactory to BYou. Landlord consents to such an automatic assignment as provided in Section 4(a); or

(ii) Enter the Premises to exercise the rights set out in Section 4(c).

(b) All notices to BYou must be sent by registered or certified mail, postage prepaid, to the following address:

285 Flatbush Avenue
Brooklyn, New York 11217

BYou may change its address for receiving notices by giving Landlord written notice of such new address. Landlord will notify both Tenant and BYou of any change in Landlord's mailing address to which notices should be sent.

(c) If any breach or default under the Franchise Agreement occurs, BYou will be granted immediate access by Landlord for BYou to protect and remove any signage or other property bearing any of BYou's trademarks.

4. Termination or Expiration.

(a) Upon Tenant's default and failure to cure a default under either the Lease or the Franchise Agreement, BYou may, but is not obligated to, to take an automatic assignment of Tenant's interest in the Lease and at any time thereafter reassign the Lease to a substitute tenant or new franchisee. Landlord may not impose any assignment fee or similar charge on BYou or Tenant in connection with BYou's exercise of this option.

(b) If BYou assumes the Lease, there may be small alterations to the Lease including a revision to the continuous operation provision allowing for the Premises to cease operating during the period that BYou attempts to rebrand the Premises.

(c) Upon the expiration or termination of either the Lease or the Franchise Agreement, Landlord will cooperate with and assist BYou with gaining possession of the Premises. If BYou does not elect to take an assignment of Tenant's interest, Landlord will allow BYou to enter the Premises without being guilty of trespass and without incurring any liability to Landlord to remove all signage, fixtures, furnishings, and all identifying characteristics relating to the BYou franchise system (including, without limitation, items bearing trademarks and copyrights, trade dress, trade names, slogans, designs, logos, distinctive building designs, and other architectural features) and other such modifications as are reasonably necessary to protect the BYou trademarks and system. BYou may alter and paint all structures

and other improvements to a design and color that differs from BYou's authorized building design and painting schedule but consistent with the exterior of the building in which the Premises is located to distinguish the Premises from a Clinic. BYou will not suffer any penalty in connection with any alteration of improvements contemplated under this Section 4(c). BYou will not be obligated to perform the above work. If BYou exercises its option to purchase assets of Tenant, Landlord will permit BYou to remove all such assets being purchased by BYou.

(d) Tenant will not terminate, surrender, or in any way alter or amend the Lease during the term of the Franchise Agreement or any renewal thereof without BYou's prior written consent. Any attempted termination, alteration, or amendment is null and void and has no effect upon BYou's interests thereunder and a clause to such effect must be included in the Lease. Landlord will not accept any purported termination or surrender of the Lease by Tenant or any amendments without receiving BYou's prior written consent to the same.

5. Renewal. If Tenant's option to renew the Lease is not exercised by Tenant within the stipulated time frame set out by the Lease, Landlord will provide written notice to BYou and BYou will have reasonable time upon receipt of such notice to exercise such renewal option at BYou's discretion.

6. Consideration; No Liability.

(a) Landlord acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and Tenant would not lease the Premises without this Addendum.

(b) Landlord acknowledges that Tenant is not an agent or employee of BYou and Tenant has no authority or power to act for, create any liability on behalf of, or bind in any way BYou or any affiliate of BYou. Landlord has entered into this Addendum with full understanding that it creates no duties, obligations, or liabilities of or against BYou or any affiliate of BYou.

(c) Notwithstanding any terms or conditions of the Lease to the contrary, the provisions of the Addendum will prevail over any inconsistent terms and conditions of the Lease and the Addendum will be read as though it was a part of the Lease.

6. Use of Premises. The Premises will be used exclusively for the operation of the Clinic.

7. Sales Reports. If requested by BYou, Landlord will provide BYou with whatever information Landlord has regarding Tenant's sales from the Clinic and all other reports and financial information Landlord receives from Franchisee.

8. Right to Enter. BYou may enter the Premises to operate the business for the account of Tenant without direct liability of BYou to Landlord with such entry not being deemed to constitute an assignment or subletting.

9. Amendments. No amendment or variation of the terms of this Addendum are valid unless made in writing and signed by all of the parties.

10. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease remain in full force and effect and are incorporated herein by reference and made a part hereof as though copied herein in full.

11. Beneficiary. Landlord and Tenant expressly agree that BYou is a third party beneficiary of the Addendum.

12. Governing Law. The Addendum will be governed and interpreted in accordance with the laws of the state where the Premises is located.

13. Further Assurances. The parties will do such things and execute such other documents as may be necessary or desirable to carry out all of the provisions of the Addendum.

14. Successors and Assigns. The Addendum will be binding upon and inure to the benefit of the parties, their heirs, successors, and permitted assigns.

15. Counterparts. The Addendum may be executed in counterparts and each counterpart when so executed and delivered will be deemed to be an original. Such counterparts taken together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to Lease to be effective as of the date of the Lease.

BYOU:

TENANT:

BYOU FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

LANDLORD:

By: _____

Name: _____

Title: _____

SCHEDULE G
LISTING ASSIGNMENT AGREEMENT

This LISTING ASSIGNMENT AGREEMENT (the “**Agreement**”) is made by and between the Franchisee identified below (“**Franchisee**”) and BYOU FRANCHISING LLC (“**BYou**”).

RECITALS

WHEREAS, BYou has developed and owns a proprietary system (the “**System**”) for the operation of a franchised business using proprietary trademarks, logos, trade dress, and other proprietary marks (the “**Clinic**”);

WHEREAS, Franchisee has been granted a franchise to operate a Clinic pursuant to a BYou Franchising LLC Franchise Agreement (the “**Franchise Agreement**”) in accordance with the System;

WHEREAS, in order to operate the Clinic, Franchisee will acquire one or more telephone numbers, telephone listings, and telephone directory advertisements; and

WHEREAS, as a condition to the execution of the Franchise Agreement, BYou has required that Franchisee collaterally assign all of its right, title, and interest in its telephone numbers, telephone listings, and telephone directory advertisements to BYou if the Franchise Agreement is terminated or expires.

AGREEMENT

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Assignment. If the expiration or termination of the Franchise Agreement occurs, in order to secure continuity and stability of the operation of the Clinic, Franchisee hereby sells, assigns, transfers, and conveys to BYou all of its right, title, and interest in and to all telephone numbers, telephone listings, and telephone directory advertisements used in connection with the operation of the Clinic. Such assignment is not effective unless and until the Franchise Agreement has expired or is terminated in accordance with the provisions thereof and BYou has delivered to Franchisee written notice of acceptance of the assignment. If such assignment occurs, BYou assumes no liability for monies owed or other liabilities relating to the telephone numbers, telephone listings, and telephone directory advertisements that have accrued prior to the effective date of the assignment.

Franchisee hereby grants to BYou an irrevocable power of attorney and appoints BYou as its attorney-in-fact to take any necessary actions to assign the telephone numbers including, without limitation, executing any forms that the telephone companies may require to effectuate the assignment. This assignment is also for the benefit of the telephone companies and the telephone companies may accept this assignment and BYou’s instructions as conclusive evidence of its rights to the telephone numbers and its authority to direct the amendment, termination, or transfer of the telephone numbers as if they had originally been issued to BYou. Franchisee will hold the telephone companies harmless from any claims against them arising out of any actions or instructions by BYou regarding the assignment contemplated by the Agreement.

2. Representations and Warranties of Franchisee. Franchisee hereby represents, warrants, and covenants to BYou that:

(a) As of the Effective Date of the Franchise Agreement, all of Franchisee's obligations and indebtedness for telephone, telephone listing services, and telephone directory advertisement services are paid and current;

(b) Franchisee has full power and legal right to enter into, execute, deliver, and perform the Agreement;

(c) The Agreement is a legal and binding obligation of Franchisee enforceable in accordance with the terms hereof;

(d) The execution, delivery, and performance of the Agreement does not conflict with, violate, breach, or constitute a default under any contract, agreement, or instrument to which Franchisee is a party or by which Franchisee is bound. No consent of nor approval by any third party is required in connection herewith; and

(e) Franchisee has the specific power to assign and transfer its right, title, and interest in its telephone numbers, telephone listings, and telephone directory advertisements. Franchisee has obtained all necessary consents to the Agreement.

3. Cancellation. Notwithstanding the foregoing, BYou may at any time prior to effectiveness of the assignment declare the Agreement and the assignment contemplated hereunder null and void.

4. Miscellaneous. The validity, construction, and performance of the Agreement is governed by the laws of the state where the Clinic is located (except for its conflict of law rules) and the laws in effect therein. All agreements, covenants, representations, and warranties made herein survive the execution hereof. All rights of BYou inure to BYou's benefit and the benefit of its successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed effective as of the date of the Franchise Agreement.

BYOU:

FRANCHISEE:

BYOU FRANCHISING LLC,
a Florida limited liability company

_____,
a(n) _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT C

**BYOU FRANCHISING LLC
MULTI-UNIT DEVELOPMENT AGREEMENT**



**BYOU FRANCHISING LLC
MULTI-UNIT DEVELOPMENT AGREEMENT**

Summary

Developer (see Preamble): _____,
a[n] [jurisdiction] [entity form]
Territory (see Section 1.1): _____

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Schedule

Schedule A Development Information Sheet

**BYOU FRANCHISING LLC
MULTI-UNIT DEVELOPMENT AGREEMENT**

This BYOU FRANCHISING LLC MULTI-UNIT DEVELOPMENT AGREEMENT (the “**Agreement**”) is entered into effective as of _____ (the “**Effective Date**”), by and between BYOU FRANCHISING LLC, a Florida limited liability company located at 242 Applewood Crescent, Suite 4, Concord, Ontario L4K 4E5, Canada (“**BYou**”), and _____, a _____ located at _____ (“**Developer**”).

RECITALS

WHEREAS, all capitalized terms contained in the Agreement have the meanings ascribed to such terms on the Summary or in Section 1 of the Agreement;

WHEREAS, BYou has developed a distinctive and proprietary system (the “**System**”) for the establishment and operation of a medical spa (a “**Clinic**”) that provides laser hair removal, body contouring, cosmetic injections, skin treatments, hair growth procedures, and other minimally to non-invasive cosmetic processes, and sells related products and service that BYou authorizes;

WHEREAS, the System and each Clinic is identified by the Trademarks and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards;

WHEREAS, Developer has requested the right to develop and operate multiple Clinics (each, a “**Development Clinic**”) to be located with a defined geographical area (the “**Development Territory**”) in accordance with a schedule (the “**Development Schedule**”) with each Development Clinic within the Development Territory being opened and operating pursuant to the terms and conditions set forth in a separate form of BYou’s then-current form of BYou Franchising LLC Franchise Agreement (each, a “**Franchise Agreement**”);

WHEREAS, simultaneous with or prior to the execution of the Agreement, BYou and Developer have entered into a Franchise Agreement for Developer’s development and operation of a Development Clinic (the “**First Development Clinic**”) to be located within the Development Territory; and

WHEREAS, Developer acknowledges that adherence to the terms of the Agreement, each Development Clinic’s individual Franchise Agreement, BYou’s operations manual, and BYou’s System standards and specifications are essential to the operation of all Clinics and the System as a whole.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties agree as follows:

**SECTION 1
DEFINITIONS**

“**AAA**” means the American Arbitration Association.

“**Agreement**” means this BYou Franchising LLC Multi-Unit Development Agreement.

“Abandonment” means conduct of Developer indicating Developer’s intent to discontinue the development or operation of Development Clinics in the Development Territory in accordance with the terms of the Agreement.

“Affiliate” means any entity controlling, controlled by, under common control with, or under common ownership with BYou.

“BYou” means BYou Franchising LLC, a Florida limited liability company.

“Clinic” means a medical spa that provides laser hair removal, body contouring, cosmetic injections, skin treatments, hair growth procedures, and other minimally to non-invasive cosmetic processes, and sells related products and service that BYou authorizes that uses the System or Trademarks including, without limitation, the Development Clinics.

“Clinic Location” means the fixed location from which a Clinic is established, operated, and managed.

“Corporate Entity” means a legal entity that is not a natural person.

“Cumulative Development Clinics” means the minimum number of cumulative Development Clinics that must be open and in operation as of the last day of each applicable Development Period.

“Developer” means _____.

“Development Clinic” means a Clinic developed and operated by Developer within the Development Territory.

“Development Information Sheet” means the development information sheet attached to the Agreement as Schedule A.

“Development Period” means a measurement period describing the number of Newly Opened Development Clinics that Developer will establish and open within the respective period and the minimum number of cumulative Development Clinics that must be open and in operation as of the last day of each respective period.

“Development Schedule” means a schedule pursuant to which Developer will develop and operate Development Clinics.

“Development Fee” means a fee Developer pays to BYou for the rights set forth and granted pursuant to the terms of the Agreement.

“Development Territory” means a defined geographical area in which Developer will develop and operate Development Clinics.

“Effective Date” means the date the Agreement becomes effective.

“First Development Clinic” means the first Development Clinic to be developed by Developer.

“Franchise Agreement” means a BYou Franchising LLC Franchise Agreement in the form determined by BYou from time to time.

“Initial Franchise Fee” means a fee paid to BYou for the right to operate a Clinic.

“Initial Training Fee” means a fee paid to BYou for BYou’s initial training program for the operation of a Clinic.

“Manual” means BYou’s operations manual and any other written materials or directions provided to Developer containing mandatory specifications, standards, or procedures applicable to the System whether in hard copy or electronic format as BYou may develop, revise, withdraw, or replace them.

“Newly Opened Development Clinic” means Developer’s third Development Clinic and all future Development Clinics.

“Owner” means (i) an officer or director of Developer (including the officers and directors of any general partner of Developer) who holds an ownership interest in Developer, and (ii) all holders of a 5% or more direct or indirect ownership interest in Developer or any entity directly or indirectly controlling Developer.

“Products and Services” means the products and service that BYou authorizes for sale at Clinics.

“Second Development Clinic” means the second Development Clinic to be developed by Developer.

“System” means (i) the services, procedures, and systems designated by BYou for use in connection with the development, establishment, marketing, promotion, and operation of a Clinic, (ii) the Trademarks, (iii) other trade names, service marks, signs, logos, copyrights, and trade dress designated by BYou for use in connection with the development, establishment, marketing, promotion, and operation of a Clinic, and (iv) the Operations Manual.

“Term” means the term of the Agreement described in Section 3.1.

“Total Development Clinics” means the aggregate number of Development Clinics described on the Development Information Sheet.

“Trademarks” means the trademark “BYou®” and any other trade names, trademarks, insignias, and logos as presently exist or may be determined that BYou authorizes for use in conjunction with the System including, without limitation, any domain names that identify such trademarks.

“Transfer” means, without limitation, the following, whether voluntary, involuntary, conditional, unconditional, direct, or indirect: (i) an assignment, sale, gift, transfer, pledge, or sub-franchise, (ii) the grant of a mortgage, charge, lien, or security interest including, without limitation, the grant of a collateral assignment, (iii) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests, (iv) a sale or exchange of voting interests or securities convertible to voting interests or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Developer, or (v) the legal or equitable transfer or sale of an Owner’s interests or voting rights in Developer.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SECTION 2 DEVELOPMENT RIGHTS

2.1 Development Grant and Development Obligation.

(1) BYou grants to Developer the right, and Developer accepts the right and undertakes the obligation to develop and operate Development Clinics provided that Developer develops and operates each Development Clinic in strict accordance with the Development Schedule and the terms and provisions of each respective Franchise Agreement.

(2) The Total Development Clinics are authorized by the Agreement as described in the Development Information Sheet. The Development Territory is the geographic area described in the Development Information Sheet. To be effective, the Development Information Sheet must be completed and signed by BYou.

(3) Developer will (i) open and commence the operation of each new Development Clinic in accordance with the Development Schedule for each respective Development Period and (ii) maintain in operation the minimum cumulative number of Development Clinics in accordance with the Development Schedule for each respective Development Period. Time is of the essence with respect to Developer's development obligations under the Agreement. Developer's failure to comply with the Development Schedule is grounds for immediate termination of the Agreement and any future development rights granted under the Agreement.

(4) During the Term, provided that Developer is in compliance with the terms and provisions of the Agreement including, without limitation, the Development Schedule and each respective Franchise Agreement, BYou will not open, operate, or license any third party the right to open or operate Clinics within the Development Territory. The operating territory for each Development Clinic will be determined by the Franchise Agreement for each Development Clinic. The operating territories in the aggregate for Developer's Development Clinics may be smaller than the Development Territory.

2.2 Limited Exclusivity and Reserved Rights. Except as provided in Section 2.1(4), the rights granted in the Agreement are non-exclusive. BYou reserves all other rights not expressly granted to Developer in the Agreement on BYou's own behalf and on behalf of BYou's Affiliates, successors, and assigns.

2.3 Personal Rights. Developer may not franchise, sub-franchise, license, sublicense, or otherwise Transfer Developer's rights pursuant to the Agreement. The rights and privileges granted and conveyed to Developer in the Agreement relate only to the Development Territory and are subject to the terms and conditions of the respective Franchise Agreement for each Development Clinic.

SECTION 3 TERM AND TERMINATION

3.1 Term. The Term will be a period commencing on the Effective Date and automatically ending on the earliest of (i) the last day of the calendar month during which the final Development Clinic is required to be opened and operating under the Development Schedule, (ii) the day the final Development Clinic is open, or (iii) the termination date of the Agreement. Upon expiration or termination of the Agreement for any reason, Developer will not have any rights within the Development Territory other than territorial rights that may have been granted to Developer pursuant to the terms of any Franchise Agreement. The Term may not be renewed or extended.

3.2 Termination by BYou. BYou may terminate the Agreement and all rights granted to Developer under the Agreement without affording Developer with any opportunity to cure a default, effective upon written notice to Developer or automatically upon the occurrence of any of the following events: (i) Abandonment, (ii) if Developer for four consecutive months or any shorter period indicates an intent by Developer to discontinue Developer's development of Development Clinics within the Development Territory, (iii) if Developer becomes insolvent or is adjudicated bankrupt or any action is taken by Developer or by others against Developer under any insolvency, bankruptcy, or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by Developer, (iv) if Developer fails to meet Developer's development obligations under the Development Schedule for any single Development Period including, without limitation, Developer's failure to establish, open, or maintain the cumulative number of Development Clinics in accordance with the Development Schedule, or (v) if a Franchise Agreement for any Development Clinic or any other Franchise Agreement between BYou and Developer is terminated.

SECTION 4 DEVELOPMENT FEE AND DEVELOPMENT SCHEDULE

4.1 Development Fee. Developer will pay the Development Fee to BYou when Developer executes the Agreement. The Development Fee is non-refundable. The Development Fee is equal to the sum of the Initial Franchise Fee for Developer's first Development Clinic, the Initial Training Fee for Developers first Development Clinic, and \$45,000.00 for each additional Development Clinic on the Development Schedule after the first Development Clinic. The amount of the Development Fee is set forth in the Development Information Sheet. The Development Fee is not an Initial Franchise Fee or an Initial Training Fee. The Development Fee is paid in lieu of the Initial Franchise Fees and Initial Training Fees for the Development Clinics. Developer will pay BYou other fees for each Development Clinic in accordance with the terms and conditions of each respective Franchise Agreement when each respective Franchise Agreement is signed.

4.2 Development Schedule. Developer will develop, establish, and operate Development Clinics in strict accordance with the Development Schedule. The Development Schedule sets forth the Development Periods and the Cumulative Development Clinics that must be open and in operation as of the last day of each applicable Development Period. The Development Schedule is set forth in the Development Information Sheet. Developer will meet the requirements of the Development Schedule including, without limitation, requirements regarding the number of Development Clinics that must be timely developed, established, open, and in operation by Developer within the Development Territory during each respective Development Period.

4.3 Reasonableness of Development Schedule. Developer represents that Developer has conducted an independent investigation and analysis of the prospects for the establishment of Clinics within the Development Territory. Developer approves of the Development Schedule as being reasonable and viable and recognizes that failure to achieve the results described in the Development Schedule will constitute a material breach of the Agreement.

SECTION 5 OTHER OBLIGATIONS OF DEVELOPER

5.1 Franchise Agreement Execution. Developer will execute BYou's then-current Franchise Agreement for each Newly Opened Development Clinic on or before the earliest of (i) the date Developer (subject to BYou's approval of the Clinic Location) executes a lease for the Clinic Location for each Newly Opened Development Clinic, (ii) the date Developer (subject to BYou's approval of the Clinic Location) enters into a purchase agreement for the real estate of the Clinic Location for each respective Newly Opened

Development Clinic, or (iii) six months prior to the date that each respective Newly Opened Development Clinic must be open and in operation pursuant to the Development Schedule.

5.2 Royalty Fees and Other Franchise Agreement Fees Acknowledgment. Nothing contained in the Agreement will reduce Developer's obligations set forth in each respective Franchise Agreement including, without limitation, Developer's obligations to pay royalty and all other fees in accordance with each respective Franchise Agreement except for Initial Franchise Fees and Initial Training Fees. The only fees required by any Franchise Agreement that is modified by the Agreement are the Initial Franchise Fees and Initial Training Fees paid by Developer to BYou at the time of signing a Franchise Agreement which Initial Franchise Fees and Initial Training Fees are incorporated into the Development Fee. Except as described in the foregoing, nothing contained in the Agreement will modify, reduce, or mitigate Developer's obligations to BYou pursuant to any Franchise Agreement.

5.3 Modifications to Franchise Agreement. What constitutes BYou's then-current form of Franchise Agreement will be determined by BYou in BYou's discretion. The then-current form of Franchise Agreement may be modified from time to time by BYou and the modifications will not alter Developer's obligations pursuant to the Agreement.

5.4 Compliance With Franchise Agreements. Developer will operate the Development Clinics in strict compliance with the terms and conditions of each respective Franchise Agreement.

5.5 Site Selection. Developer will be solely responsible for selecting Clinic Location sites. In accordance with the terms and conditions of each respective Franchise Agreement, Developer must obtain BYou's prior written approval for each potential Clinic Location site selected by Developer. Developer will retain an experienced commercial real estate broker or salesperson who has sufficient experience to locate, acquire, purchase, or lease Clinic Location sites. No provision of the Agreement will be construed or interpreted to impose any obligation upon BYou to find Clinic Location sites, assist Developer in the selection of Clinic Location sites, or provide any other assistance to Developer with the purchase or lease of Clinic Location sites.

5.6 Site Selection Criteria. Developer will not lease, purchase, or otherwise acquire a Clinic Location site for a Development Clinic until any information BYou requires regarding the proposed Clinic Location site has been provided to BYou by Developer and the proposed Clinic Location site has been approved by BYou. Information requested by BYou may include, without limitation, information regarding accessibility, visibility, potential traffic flows, lease terms, and other relevant information. Developer will not enter into any lease or purchase agreement for any proposed Clinic Location site without BYou's prior approval.

SECTION 6 TRANSFER OF INTEREST

6.1 By BYou. BYou has the sole and absolute right to transfer or assign BYou's rights and obligations under the Agreement in whole or in part (for any purpose and in any form of transaction as may be designated or elected by BYou, in BYou's sole discretion) to any person, entity, Corporate Entity, or third party without Developer's approval or consent.

6.2 By Developer. Developer will neither Transfer nor assign the Agreement without BYou's express written consent which consent BYou may withhold in BYou's discretion. If Developer is a Corporate Entity, the Owners will not Transfer their ownership or equity interests in Developer without BYou's express written consent which consent BYou may withhold in BYou's discretion. Any Transfer or

assignment in violation of the foregoing will constitute a material default of the Agreement and result in the immediate and automatic termination of the Agreement.

SECTION 7 ENFORCEMENT AND CONSTRUCTION

7.1 Severability.

(a) Except as expressly provided to the contrary in the Agreement, each term and provision of the Agreement will be interpreted or otherwise construed to be independent of each other and severable. Although each term and provision of the Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term or provision of the Agreement is found by a court of competent jurisdiction, agency, or other government agency to be unenforceable as written or otherwise, then such term and condition will be modified, rewritten, interpreted, or “blue-lined” to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or “blue-lined” in any respect, then it will not be given effect and severed from the Agreement, and the remainder of the Agreement will be interpreted, construed, and enforced as if such term and condition was not included in the Agreement.

(b) If any applicable and binding law or rule requires a greater prior notice of the termination of the Agreement than is required in the Agreement, or the taking of some other action not required by the Agreement, or if under any applicable and binding law or rule, any term and condition of the Agreement, or any specification, standard, or operating procedure BYou prescribes is invalid or unenforceable, then the greater prior notice or other action required by law or rule will be substituted for the comparable provisions, and BYou has the right in BYou’s sole discretion to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Developer will bound by any such substituted or modified term and condition of the Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of the Agreement as though it were originally and separately articulated in, and made a part of, the Agreement as of the Effective Date or any specification, standard, or operating procedure BYou prescribes, which may result from striking any portion of any terms and conditions, specifications, standards, or operating procedures, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to the Agreement will be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable unless BYou elects to give them greater applicability, in which case the Agreement will be enforced as originally made in all other jurisdictions.

7.2 Waiver of Obligations. No delay, waiver, omission, or forbearance on the part of BYou to enforce any term and condition of the Agreement or exercise any of BYou’s rights, options, or powers under the Agreement constitutes a waiver by BYou to enforce any other term and condition of the Agreement or exercise any of BYou’s other rights, options, or powers under the Agreement. No such delay, waiver, omission, or forbearance will constitute a waiver by BYou to subsequently enforce the term and condition of the Agreement or subsequently exercise such right, option, or power. Acceptance by BYou of any payments, fees, charges, or other amount from Developer payable to BYou pursuant to the Agreement will not constitute a waiver or acceptance of Developer’s default or breach of the Agreement or otherwise a waiver of any term and condition of the Agreement, and BYou reserves the right to pursue any additional remedies set forth in the Agreement, at law, or in equity. BYou will likewise not be deemed to have waived or impaired any term and condition, right, option, or power set forth in the Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of the Agreement or BYou’s insistence upon Developer’s strict compliance with Developer’s obligations, including any mandatory

specification, standard or operating procedure. No waiver by BYou of any term and condition of the Agreement will be valid unless in writing and signed by BYou.

7.3 Specific Performance and Injunctive Relief. Nothing in the Agreement will prohibit BYou from obtaining specific performance of the provisions of the Agreement or injunctive relief against threatened conduct that will cause damages or loss to BYou, the Trademarks, or the System.

7.4 Rights of Parties Are Cumulative. The rights under the Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy that BYou or Developer is entitled by law to enforce.

7.5 Governing Law and Choice of Forum. The Agreement is governed by and interpreted and construed under the laws of New York. Any action or other legal proceeding arising out of or relating to the Agreement or the franchise relationship must be brought in New York unless the parties agree otherwise in writing.

7.6 Dispute Resolution and Arbitration. All disputes arising out of or in connection with the Agreement or any related agreement or in respect of any legal relationship associated with or derived from the Agreement will be finally resolved without appeal by arbitration under the then-current rules of the AAA. The arbitration will take place in New York, New York unless the parties agree otherwise. The language of the arbitration will be English. The arbitration may include any person or entity not a party to the Agreement provided the allegations brought by or made against that party arise out of or are related to the foregoing subject matter and the said non-party and non-signatory consents. Notwithstanding the foregoing, BYou and Developer are not precluded from seeking injunctive, mandatory, or other extraordinary relief from a court pending such time as an arbitration can be commenced and an arbitrator may be advised of the issue concerning which injunctive, mandatory, or other extraordinary relief is sought provided that the party seeking such relief from a court will act expeditiously to commence an arbitration and bring the said issue or issues before the arbitrator. BYou and Developer are not precluded from seeking in court any relief or the determination of any issue for which the arbitrator does not have jurisdiction to decide or to grant a remedy under applicable law. Except to the extent otherwise required by applicable law, arbitration will be confidential and neither the proceedings nor the result will be communicated to persons other than the parties and their professional advisors; however, any order made by the arbitrator may be filed with a court, made into, or adopted as part of a court order for purposes of enforcement in accordance with applicable law and court practice or otherwise disclosed as required by law.

7.7 Variances. Developer acknowledges that BYou has and may at different times approve exceptions or changes from the uniform standards of the system that BYou deems desirable or necessary under particular circumstances in BYou's absolute and sole discretion. Developer has no right to object to or automatically obtain such variances and any exception or change must be approved in advance by BYou in writing. Developer acknowledges that existing developers may operate under different forms of agreements and that the rights and obligations of existing developers may differ materially from the Agreement.

7.8 Limitation of Claims. ANY CLAIMS OR CAUSES OF ACTIONS ARISING OUT OF OR RELATING TO THE AGREEMENT OR THE RELATIONSHIP BETWEEN DEVELOPER AND BYOU RESULTING FROM THE AGREEMENT, WILL BE BARRED UNLESS THE CLAIM OR CAUSE OF ACTION IS COMMENCED WITHIN THE EARLIER OF (I) TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR (II) ONE YEAR FROM THE DATE ON WHICH DEVELOPER OR BYOU KNEW OR SHOULD HAVE KNOWN IN THE EXERCISE OF REASONABLE DILIGENCE OF THE FACTS GIVING RISE TO THE CLAIM OR CAUSE OF ACTION.

7.9 Waiver of Punitive Damages. BYOU AND DEVELOPER WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED IN THE AGREEMENT, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED; PROVIDED, HOWEVER, THAT THE WAIVER WILL NOT APPLY TO ANY CLAIM (I) ALLOWED BY BYOU OR DEVELOPER FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THE AGREEMENT, OR (II) FOR LOST PROFITS BY BYOU OR DEVELOPER AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THE AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE AGREEMENT, IF ANY OTHER TERM OF THE AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES WILL CONTINUE IN FULL FORCE AND EFFECT.

7.10 Waiver of Jury Trial. BYOU AND DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

7.11 Binding Effect. The Agreement is binding upon the parties to the Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and will not be modified except by written agreement signed by both Developer and BYou.

7.12 Complete Agreement. The Agreement and Schedule A constitute the entire, full, and complete Agreement between BYou and Developer concerning the subject matter of the Agreement and supersedes all prior related agreements between BYou and Developer.

7.13 Attorneys' Fees and Expenses. If an arbitrator in any arbitration proceeding or a court of competent jurisdiction issues an award, judgment, decision, or order finding, holding, or declaring Developer's breach of the Agreement, then BYou will be entitled to the recovery of all reasonable attorney fees, costs, and expenses associated with or related to the proceeding. These fees, costs, and expenses will include, without limitation, attorney fees, arbitrator fees, deposition expenses, expert witness fees, and filing fees.

7.14 No Class Action or Multi-Party Actions. All proceedings or legal actions arising out of or related to the Agreement or the offer and sale of franchises from BYou to Developer will be conducted on an individual basis and not a class-wide basis. Any proceeding between Developer, Owners, Developer's spouses, or Developer's guarantors and BYou, Affiliates, their respective officers, directors, or employees may not be consolidated with any other proceeding between BYou and any other third party.

7.15 Acceptance by BYou. The Agreement will not be binding on BYou unless and until an authorized officer of BYou has signed the Agreement.

7.16 Opportunity for Review by Developer's Advisors. Developer acknowledges and represents that prior to the signing of the Agreement, BYou recommended and Developer had the opportunity to have the Agreement reviewed by Developer's lawyer, accountant, and other business advisors.

7.17 No Personal Liability For BYou's Employees, Officers, or Agents. The fulfillment of any of BYou's obligations written in the Agreement or based on any oral communications ruled to be binding in

a court of law will be BYou's sole obligation and none of BYou's employees, officers, or authorized agents will be personally liable to Developer for any reason. BYou and Developer are not joint employers.

7.18 Non-Uniform Agreements. Developer acknowledges that BYou makes no representations or warranties that all other agreements with franchisees and developers entered into before or after the Effective Date do or will contain terms substantially similar to those contained in the Agreement. BYou may waive or modify comparable provisions of other agreements to other System franchisees and developers in a non-uniform manner.

7.19 No Right to Offset. Developer will not withhold any payment, fee, or any other amount payable by Developer to BYou pursuant to the Agreement alleging nonperformance, material breach, or default by BYou of the Agreement, any other agreement between BYou and Developer, or for any other reason. Developer will not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Developer from BYou against any payment, fee, or any other amount payable to BYou pursuant to the Agreement or any other payment obligation by Developer to BYou.

7.20 Headings. The headings and subheadings in the Agreement are strictly for convenience and reference only, and they will not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of the Agreement.

7.21 Authority to Bind and Execute. Each party warrants and represents that it has all requisite power and authority to enter into the Agreement. The execution, delivery, and performance of the Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to the Agreement for each party has been duly and lawfully authorized to execute the Agreement for and on behalf of the party for whom each signatory has signed.

7.22 Counterparts and Electronic Signatures. The Agreement may be executed in counterparts, and each counterpart when so executed and delivered will be deemed to be an original. Such counterparts taken together will constitute one and the same instrument. Electronic signatures and signatures transmitted by email or facsimile transmission will have the same full force and effect as originally executed signatures.

7.23 Joint and Several Liability. If Developer consists of more than one person or entity, then their liability under the Agreement will be deemed joint and several.

7.24 Recitals. The Recitals constitute a part of the Agreement and are hereby fully incorporated into the terms of the Agreement.

SECTION 8 NOTICES

All written notices and reports permitted or required to be delivered by the Agreement will be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery will be delivered by certified U.S. mail or electronically as BYou designates. The addresses for the parties set forth in the initial paragraph of the Agreement will be used unless and until a different address has been designated by written notice to the other party. Any notice required under the Agreement will not be deemed effective or given by Developer to BYou unless given in strict compliance with the Agreement.

In all cases where BYou's prior approval is required and no other method or timing for obtaining such approval is prescribed, Developer will request such approval in writing, and BYou will respond within ten business days after receiving Developer's written request and all supporting documentation, provided that such request will be deemed unapproved if BYou does not respond. BYou's consent to, or approval of, any act or request by Developer will be effective only to the extent specifically stated, and BYou's consent or approval will not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

IN WITNESS WHEREOF, the parties have caused the Agreement to be duly executed as of the Effective Date.

BYOU:

DEVELOPER:

BYOU FRANCHISING LLC,
a Florida limited liability company

_____,
a(n) _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

SCHEDULE A
DEVELOPMENT INFORMATION SHEET

This Development Information Sheet is attached to, incorporated into, and forms a part of the BYou Franchising LLC Multi-Unit Development Agreement (the “**Agreement**”) between BYou Franchising LLC (“**BYou**”) and _____ (“**Developer**”). Defined terms will have the meanings set forth in the Agreement and are further defined in this Development Information Sheet.

If Developer is a Corporate Entity, Developer represents and affirms to BYou that the following is a complete, accurate list of Developer’s Owners:		
Owner Name	Owner Address	Ownership Interest Percentage

Development Fee

Development Territory

Development Schedule		
Development Period	Newly Opened Development Clinics	Cumulative Development Clinics
Development Period 1:		
[----- to -----]	[-----]	[-----]
Development Period 2:		
[----- to -----]	[-----]	[-----]
Development Period 3:		
[----- to -----]	[-----]	[-----]
Development Period 4:		
[----- to -----]	[-----]	[-----]
Development Period 5:		
[----- to -----]	[-----]	[-----]

[SIGNATURE PAGE FOLLOWS]

BYOU:

BYOU FRANCHISING LLC,
a Florida limited liability company

DEVELOPER:

_____,
a(n) _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

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EXHIBIT E

FRANCHISEES AND FRANCHISEES WHO HAVE LEFT THE SYSTEM

FRANCHISEES

Rinat Abramov
351299 Inc.
911 Manhattan Avenue
Brooklyn, New York 11222
(718) 814-9480

Beverly Esquerre
186060 LLC
92 Millburn Avenue
Springfield, New Jersey 07021
(732) 334-7829
(not yet open)

Oxana Selfridge
Malvina Inc.
7240 Kingston Pike 37919
Suite 188
Knoxville, Tennessee
(865) 800-4434

Diana Shabatayeva
3545 Long Beach Road
Oceanside, New York 11572
(347) 606-2818

FRANCHISEES WHO HAVE LEFT THE SYSTEM

Elna Williamson
Living Water Corp.
296A Nassau Avenue
Unit 2-L
Brooklyn, New York 11222
(347) 445-2014

EXHIBIT F
FINANCIAL STATEMENTS

BYOU FRANCHISING LLC

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

Prepared by:
George Dimov, CPA
211 E 43rd St Suite 7-100
New York, NY 10017
(212) 641-0673
WWW.DIMOV TAX.COM

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GEORGE DIMOV CPA
CERTIFIED PUBLIC ACCOUNTANT FIRM

211 E 43rd St Suite 7-100
New York, NY 10017
(212) 641-0673
WWW.DIMOV.TAX.COM

INDEPENDENT AUDITOR'S REPORT

To the Members
BYOU FRANCHISING LLC

We have audited the accompanying financial statements of BYOU FRANCHISING LLC (the "Company"), which comprise the balance sheet as of December 31, 2023, and the related statements of income, changes in members' deficit and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BYOU FRANCHISING LLC as of December 31, 2023, and the results of its operations, changes in members' deficit and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Sincerely,

George Dimov CPA

George Dimov, CPA

New York, NY

May 30, 2024

BALANCE SHEET
as of December 31, 2023 and December 31, 2022

US Dollars	Note	December 31, 2023	December 31, 2022
Assets			
Security deposits		7,461	-
Non-current assets		7,461	-
Accounts receivable	2	66,081	6,920
Cash and cash equivalents	3	50,267	5,454
Affiliated accounts receivable	2	41,858	-
Other assets		687	
Prepaid expenses		-	3,085
Current assets		158,893	15,459
Total assets		166,354	15,459
Liabilities			
Deferred revenue		84,417	5,758
Non-current liabilities		84,417	5,758
Accounts payable	4	98,782	6,688
NYS DTF payable		15,271	-
Other payables		2,920	-
Due to affiliate		-	24,409
Marketing fund payable		-	19,805
Deferred revenue		-	1,993
Current liabilities		116,973	52,895
Total liabilities		201,390	58,653
Members' deficit		(35,036)	(43,194)
Total liabilities and members' deficit		166,354	15,459

INCOME STATEMENT
for the years ended December 31, 2023 and December 31, 2022

US Dollars	Note	2023	2022
Product sales		108,989	30,731
Marketing fee		81,727	10,079
Services		56,691	-
Royalty fee		52,600	-
Income from affiliates		36,000	14,726
Training fees		30,000	15,000
Signage fee		15,000	-
Franchise fees		13,667	1,999
Other revenue		-	10,548
Total revenue and income		394,674	83,083
Operating expenses			
Professional and outsourced services		143,869	14,690
Sales and marketing expenses		109,166	55,395
Product costs		64,440	24,130
Contractors		51,726	-
Facility costs		14,858	-
General and administrative expenses		10,424	8,062
Travel and entertainment expenses		4,718	-
Referral fee		2,500	-
Other expenses		55	-
Total expenses		401,756	102,277
Net operating loss		(7,082)	(19,194)
Other income			
Interest income		2	-
Total other income		2	-

BYOU FRANCHISING LLC

US Dollars	Note	2023	2022
Other expenses			
Taxes		775	-
Total other expenses		775	-
Net other loss			
		(773)	-
Net loss			
		(7,855)	(19,194)

STATEMENT OF CASH FLOWS
for the years ended December 31, 2023 and December 31, 2022

US Dollars	Note	2023	2022
Cash flows from operating activities			
Net loss for the year		(7,855)	(19,194)
<i>Adjustments to reconcile net loss to net cash provided by operating activities:</i>			
<i>Changes in assets and liabilities</i>			
(Increase) decrease in operating assets			
Prepaid expenses		3,085	(3,085)
Other assets		(687)	-
Affiliated accounts receivable		(41,858)	-
Accounts receivable		(59,161)	23,080
Increase (decrease) in operating liabilities			
Accounts payable		92,094	2,188
Deferred revenue		76,666	(21,999)
NYS DTF payable		15,271	-
Other payables		2,920	-
Marketing fund payable		(4,352)	19,805
Due to affiliate		(24,409)	-
Net cash provided by operating activities		51,714	795
Cash flows from investing activities			
Security deposits		(7,461)	-
Net cash used in investing activities		(7,461)	-
Cash flows from financing activities			
Owner's pay and personal items		560	
Net advances to affiliate		-	(5,341)
Net cash provided by (used in) financing activities		560	(5,341)
Net increase in cash and cash equivalents		44,813	(4,546)
Cash at beginning of period		5,454	10,000
Cash at end of period	3	50,267	5,454

STATEMENT OF CHANGES IN MEMBERS' DEFICIT
as of December 31, 2023 and December 31, 2022

US Dollars

Balance as of December 31, 2021	(24,000)
Net Loss	(19,194)
Balance as of December 31, 2022	(43,194)
Equity Contributions (Distributions)	16,013
Net Loss	(7,855)
Balance as of December 31, 2023	(35,036)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS
ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022**
(in US Dollars)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

BYOU FRANCHISING LLC (the "Company") was organized in Florida on October 19, 2021. The Company is a franchisor that offers franchises (each, a "BYou Clinic") for the operation of a medical spa that provides laser hair removal, cosmetic injections, skin treatments, hair growth procedures, and other minimally to non-invasive cosmetic processes, and sells related products and services using BYou's proprietary methodology under certain trademarks (the "Trademarks").

Statement of Compliance

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

These financial statements are presented in US Dollars, unless otherwise indicated. These financial statements have been prepared under the historical cost convention, except for the evaluation of certain financial instruments carried at fair value.

Use of Estimates and Assumptions

The preparation of financial statements conforms to accounting principles generally accepted in the United States of America ("US GAAP"). Those principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty in making those estimates, actual results reported in future periods could differ from such estimates.

Going Concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Cash and Cash Equivalents

The Company considers cash in banks, and other highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Accounts Receivable

The balance in accounts receivable consists of product sales and other fees due from franchisees, less an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts aged longer than thirty days are considered past due. No interest is charged on outstanding receivables. Balances that are still outstanding after

management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts.

Revenue Recognition

The Company recognizes revenue in accordance with FASB ASC 606-10-25, Revenue from Contracts with Customers. 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 Company has adopted ASU 2021-02 and implemented the guidance on its revenue recognition policy.

The Company’s primary sources of revenue are as follows:

Product revenue

Product revenue is comprised of sales of products to its franchisees and related shipping revenue. Revenue from product sales is recognized when the products are shipped.

Franchise fee revenue

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a monthly basis. A franchise agreement establishes a BYOU Clinic developed in one or multiple defined geographic area and provides for a 5-year initial term with the option to renew for an additional 5-year term. Subject to the Company’s approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by either existing or new franchisee, and the existing franchise agreement is terminated. A new franchise agreement is signed with the new franchisee with no franchise fee required.

Revenue related to franchise fees is recognized on a straight-line basis over the contractual term of the franchise agreement as this ensures that revenue recognition aligns with the customer’s access to the franchise right. Renewal fees are recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees are recognized over the contractual term of the franchise agreement.

Marketing fund revenue

The Company maintains a marketing fund to promote general brand recognition of the franchise system and services. Funds are collected from franchisees based on an agreed-upon percentage of franchisee’s monthly gross revenue and used to pay costs of, or associated with, marketing, advertising, promotional programs, public relations, and costs to administer the marketing fund. Although marketing fund revenue is not a separate performance obligation distinct from the underlying franchise right, the Company acts as the principal as it is primarily responsible for the fulfillment and control of the marketing services. As a result, the Company records marketing fund contributions in revenue and related marketing fund expenditures in expenses in the statement of operations. When marketing fund revenue exceeds the related marketing fund expenses in a reporting period, marketing fund expenses are accrued up to the amounts of the marketing fund revenue recognized. Marketing fund revenue is contributed by franchisees based on three percent of the clinic’s gross revenue and is recognized as earned.

Training fee revenue

The Company also requires the franchisee to pay an initial training fee for initial training program upon signing the agreement. The Company recognizes training fee revenue when substantially all the training requirements are completed, which is generally upon opening of the franchise.

Initial marketing fee revenue

The franchisor also requires the franchisee to pay an initial marketing fee upon signing a franchise agreement. The Company recognizes initial marketing fee revenue when substantially all the services required are performed, which is generally upon opening of the franchise.

Other revenue

Other revenue consists of technology fee collected from franchisees, sales commission from sales of products, and rebate revenue. These revenues are recognized as earned.

Expenses Recognition

Expenses are accounted for at the time the actual flow of the related goods or services occur, regardless of when cash or their equivalent are paid, and are reported in the financial statements in the period to which they relate.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company has evaluated the impact of adopting ASU No. 2016-13 on its financial statements and concluded that ASU No. 2016-13 does not have a material impact on its financial statements.

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

Related Parties

A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

BYou Franchising LLC is affiliated with BYou Laser LLC, BYou Holding IP LLC, and BYou Beauty Academy.

As of December 31, 2023, the Company had affiliated accounts receivable in the amount of \$41,858 from BYou Laser LLC. For the year ended December 31, 2023, the Company recognized income from affiliates in the amount of \$36,000.

As of December 31, 2022, the Company had an amount due to an affiliate in the amount of \$24,409. For the year ended December 31, 2022, the Company recognized income from affiliates in the amount of \$14,726.

Fair Value Measurements

FASB ASC 820, "Fair Value Measurements" defines fair value for certain financial and nonfinancial assets and liabilities that are recorded at fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It requires that an entity measure its financial instruments to base fair value on exit price, maximize the use of observable units and minimize the use of unobservable inputs to determine the exit price. It establishes a hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy increases the consistency and comparability of fair value measurements and related disclosures by maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets or liabilities based on market data obtained from sources independent of the Company.

Unobservable inputs are inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy prioritizes the inputs into three broad levels based on the reliability of the inputs as follows:

Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Valuation of these instruments does not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily and regularly available.

Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable as of the measurement date, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuations based on inputs that are unobservable and not corroborated by market data. The fair value for such assets and liabilities is generally determined using pricing models, discounted cash flow methodologies, or similar techniques that incorporate the assumptions a market participant would use in pricing the asset or liability.

The carrying values of certain assets and liabilities of the Company, such as cash and cash equivalents, accounts receivable, accounts payable and other current liabilities, approximate fair value due to their relatively short maturities.

Concentrations

The Company places its cash and cash equivalents in Bank of America. At times, such amounts may exceed federally insured limits. The Company has not experienced any losses from such accounts and does not believe it is exposed to any significant credit risk on cash.

2. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
Accounts receivable	66,081	6,920
Affiliated accounts receivable	41,858	-
Less: allowance for doubtful accounts	-	-
Accounts receivable, net	107,939	6,920

3. CASH AND CASH EQUIVALENTS

As of December 31, 2023 and December 31, 2022 cash and cash equivalents consisted of the following:

	December 31, 2023	December 31, 2022
Bank of America account #***6107	43,915	5,454
Bank of America account #***3645	6,352	-
Total cash and cash equivalents	50,267	5,454

4. ACCOUNTS PAYABLE

Accounts payable consisted of the following as of December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
91 or more days past due	69,782	-
61 - 90 days past due	11,000	-
31 - 60 days past due	9,000	-
1 - 30 days past due	9,000	2,500
Current	-	4,188
Total accounts payable	98,782	6,688

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date which the financial statements were available to be issued, which is May 30, 2024.

All subsequent events requiring recognition as of December 31, 2023, have been incorporated into these financial statements and there are no other subsequent events that require disclosure in accordance with FASB ASC Topic 855, "Subsequent Events".

GEORGE DIMOV CPA
CERTIFIED PUBLIC ACCOUNTANT FIRM

211 E 43rd St Suite 7-100
New York, NY 10017
(212) 641-0673
WWW.DIMOV TAX.COM

CONSENT

George Dimov, CPA, consents to the use in the Franchise Disclosure Document issued by BYOU FRANCHISING LLC ("Franchisor") on June 3, 2024, as it may be amended, of my audit report dated May 30, 2024, relating to the balance sheet as of December 31, 2023, and the related statements of income, changes in members' deficit and cash flows for the year then ended of Franchisor, and the related notes to the financial statements.

Sincerely,

George Dimov CPA

George Dimov, CPA
New York, NY
June 3, 2024



BYOU FRANCHISING LLC
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
AS OF DECEMBER 31, 2024



BYOU FRANCHISING LLC

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Independent Auditor's Report

To the Members
BYou Franchising LLC
Hollywood, Florida

Opinion

We have audited the accompanying financial statements of BYou Franchising LLC, which comprise the balance sheet as of December 31, 2024, and the related statements of operations, members' interests, and cash flows for the year 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 BYou Franchising LLC as of December 31, 2024, and the results of its operations and its cash flows for the year 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 Statements section of our report. We are required to be independent of the Company 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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, including omissions, 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 the Company'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.

Kezar & Dunlavy

St. George, Utah
April 25, 2025

BYOU FRANCHISING LLC

BALANCE SHEET

As of December 31, 2024

	<u>2024</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 1,170
Accounts receivable	33,706
Other current assets	7,461
Due from affiliates	89,935
Total current assets	<u>132,272</u>
Total assets	<u><u>\$ 132,272</u></u>
 Liabilities and Members' Interests	
Current liabilities	
Accounts payable	\$ 41,883
Deferred revenue - current portion	17,000
Total current liabilities	<u>58,883</u>
 Non-current liabilities	
Deferred revenue - non-current portion	42,490
Total non-current liabilities	<u>42,490</u>
Total liabilities	101,373
 Members' interests	30,899
Total liabilities and members' interests	<u><u>\$ 132,272</u></u>

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

BYOU FRANCHISING LLC
STATEMENT OF OPERATIONS
For the year ended December 31, 2024

	2024
Operating revenue	
Initial franchise fees	\$ 81,699
Royalties and marketing fees	86,300
Service fees	54,407
Other operating revenue	59,701
Total operating revenue	<u>282,107</u>
Operating expenses	
General and administrative costs	85,994
Advertising and marketing	63,130
Professional services	67,048
Total operating expenses	<u>216,172</u>
Net income	<u><u>\$ 65,935</u></u>

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

BYOU FRANCHISING LLC
STATEMENT OF MEMBERS' INTERESTS
For the year ended December 31, 2024

Balance as of January 1, 2024	\$ (35,036)
Net income	<u>65,935</u>
Balance as of December 31, 2024	<u><u>\$ 30,899</u></u>

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

BYOU FRANCHISING LLC
STATEMENT OF CASH FLOWS
For the year ended December 31, 2024

	<u>2024</u>
Cash flows from operating activities:	
Net income	\$ 65,935
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	32,376
Due from affiliate	(48,077)
Accounts payable	(74,404)
Deferred revenue	(24,927)
Net cash used in operating activities	<u>(49,097)</u>
 Net change in cash and cash equivalents	 (49,097)
 Cash at the beginning of the period	 <u>50,267</u>
Cash at the end of the period	<u><u>\$ 1,170</u></u>
 Supplementary disclosures of cash flows	
Cash paid for interest	<u><u>\$ -</u></u>

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

BYOU FRANCHISING LLC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

BYou Franchising LLC (the "Company") was formed on October 19, 2021, in the state of Florida as a limited liability company for the planned principal purpose of conducting franchise sales, marketing, and management. The Company offers franchises that operate a medical spa that provides laser hair removal, body contouring, cosmetic injections, skin treatments, hair growth procedures, and other minimally to non-invasive cosmetic processes, and sells related products and services

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2024, the Company had cash and cash equivalents of \$1,170.

(e) Accounts Receivables

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalties and other sales transactions. These accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses ("CECL") model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2024, the Company had no allowance for uncollectible accounts and their accounts receivable balance was \$33,706.

(f) Long-Lived Assets

Long-lived assets will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Any impairment loss will be measured by the difference between the fair value of an asset and its carrying amount, and will be recognized in the period that the recognition criteria are first applied and met.

BYOU FRANCHISING LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

(g) Revenue Recognition

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, royalties, service fees and marketing fees based on a percentage of gross revenues, and product sales.

Royalties and marketing fees

Upon evaluation of the five-step process, the Company has determined that royalties and marketing fees are to be recognized in the same period as the underlying sales.

Service fees

Service fees consist primarily of technology fees for call center and other technology services. Upon evaluation of the five-step process, the Company has determined that service fees are fixed and are to be recognized in the period the services are provided.

Initial franchise fees

Initial franchise fees are recognized as the Company satisfies the performance obligation over the franchise term, which is generally 5 years.

(h) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Florida. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2024, the 2023, 2022 and 2021 tax years were subject to examination.

(i) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

(j) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant

BYOU FRANCHISING LLC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

credit risks on cash or cash equivalents.

(k) Advertising Costs

The Company's policy is to expense advertising costs when incurred. Advertising expenses for the year ended December 31, 2024 were \$63,130.

(2) Franchise Agreements

The Company's franchise agreements generally provide for payment of initial fees as well as continuing royalty, marketing and service fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the BYou Franchising system for a period of five years. Under the Company's revenue recognition policy, the Company defers the revenue and it is amortized over the life of the contract.

The Company has estimated the following current and non-current portions of deferred revenue as of December 31, 2024:

	2024
Deferred revenue, current	\$ 17,000
Deferred revenue, non-current	42,490
	<u>\$ 59,490</u>

(3) Commitment and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(4) Related Party Transactions

The Company and its affiliates share costs and make ongoing payments on behalf of each other. These net payments are recorded as related party receivable or payables. As of December 31, 2024 the related party receivable was \$89,935.

The Company has entered into an agreement with one of its affiliates, in which it pays monthly rent of \$1,921 for shared office space. During the year ended December 31, 2024, the Company paid \$23,052 to the affiliate, and there was no liability due as of December 31, 2024.

The Company also had income from affiliates of \$28,383, as of December 31, 2024.

(5) Subsequent events

Management has reviewed and evaluated subsequent events through April 25, 2025, the date on which the financial statements were available to be issued.

EXHIBIT G
STATE LAW ADDENDA AND RIDERS

**NEW YORK ADDENDUM TO THE
BYOU FRANCHISING LLC FRANCHISE DISCLOSURE DOCUMENT**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

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 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 ten-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 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 Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after that officer or general partner of the franchisor held this position in the company or partnership.

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

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. 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) titled “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 will remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law §§687.4 and 687.5 be satisfied.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j) titled “Assignment of contract by franchisor:”

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. 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.

9. The following is added to the end of Item 17:

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

NEW YORK
BYOU FRANCHISING LLC FRANCHISE AGREEMENT AMENDMENT

In recognition of the requirements of the New York General Business Law, Article 33, §§680 through 695, and the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§200.1 through 201.16), the undersigned agree to the following modifications to the BYou Franchising LLC Franchise Agreement (the “**Franchise Agreement**”):

1. Section 18.9 is amended by the addition of the following:

; provided, however, that all rights and causes of action arising in favor of franchisee from the provisions of New York General Business Law §§680-695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law §§687.4 and 687.5 be satisfied.

2. Section 18 is amended by the addition of the following Section 18.34:

18.34 New York General Business Law. Nothing in the Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, §§680-695.

3. Schedule B is amended by the addition of the following:

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

3. There are circumstances in which an offering made by BYou Franchising LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the outlet will be opening in New York. BYou Franchising LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

4. Each provision of this amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law are met independently without reference to this amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York BYou Franchising LLC Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

BYOU:

FRANCHISEE:

BYOU FRANCHISING LLC,
a Florida limited liability company

_____,
a(n) _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**VIRGINIA ADDENDUM TO THE
BYOU FRANCHISING LLC FRANCHISE DISCLOSURE DOCUMENT**

1. The following is added to Item 17 of the Franchise Disclosure Document:

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

VIRGINIA
BYOU FRANCHISING LLC FRANCHISE AGREEMENT AMENDMENT

In recognition of the requirements of the Virginia Retail Franchising Act and the regulations promulgated thereunder, the undersigned agree to the following modifications to the BYou Franchising LLC Franchise Agreement (the “**Franchise Agreement**”):

1. Schedule B is amended by the addition of the following:

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

2. Each provision of this amendment will 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 amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Virginia BYou Franchising LLC Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

BYOU:

FRANCHISEE:

BYOU FRANCHISING LLC,
a Florida limited liability company

_____,
a(n) _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

STATE EFFECTIVE DATES

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
New York	<i>PENDING</i>
Virginia	May 29, 2025

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

EXHIBIT H

RECEIPT

(to be retained by Franchisee)

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

If BYou Franchising LLC offers you a franchise, it must provide this Franchise Disclosure Document to you fourteen calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws require BYou Franchising LLC to provide this Franchise Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least ten business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale (Iowa, Michigan, New York, Oklahoma, and Rhode Island).

If BYou Franchising does not deliver this Franchise 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 the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise are those individuals listed in Item 2, 242 Applewood Crescent, Suite 4, Concord, Ontario L4K 4R5, Canada, (800) 355-3308 and as follows: _____.

I have received a Franchise Disclosure Document dated April 26, 2025, that included the following Exhibits:

- A. List of State Agencies and Agents for Service of Process
- B. BYou Franchising LLC Franchise Agreement
- C. BYou Franchising LLC Multi-Unit Development Agreement
- D. Operations Manual Table of Contents
- E. Franchisees and Franchisees Who Have Left the System
- F. Financial Statements
- G. State Law Addenda and Riders
- H. Receipt

Date

Prospective Franchisee

Print Name

Keep This Copy For Your Records

EXHIBIT H

RECEIPT

(to be returned to BYou Franchising LLC)

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

If BYou Franchising LLC offers you a franchise, it must provide this Franchise Disclosure Document to you fourteen calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws require BYou Franchising LLC to provide this Franchise Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least ten business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale (Iowa, Michigan, New York, Oklahoma, and Rhode Island).

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- F. Financial Statements
- G. State Law Addenda and Amendments
- H. Receipt

Date

Prospective Franchisee

Print Name

Return This Copy To Us:
BYou Franchising LLC
242 Apple Crescent, Suite 4
Concord, Ontario L4K 4E5, Canada