

## FRANCHISE DISCLOSURE DOCUMENT



**Set The Stage, Inc.** A  
Utah Corporation  
10446 S 1055 W, Ste 101  
South Jordan, Utah 84096  
801-750-1700  
WeSetTheStage.com

We offer franchises to qualified individuals and entities to provide staging services and furniture and decor products for sale to Home Sellers, Real Estate Agents, Builders, Developers, Investors, and consumers.

The total initial investment necessary to begin operation of a Set The Stage® franchise is \$190,320 - \$237,825. This includes \$173,500 to \$203,500 in initial fees paid to the Franchisor.

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 14 calendar days before you sign any binding agreement with or make any payment to the Franchisor in connection with the proposed franchise sale. **Note, however, that no government 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 disclosures in a different format, contact Courtney Clark at 10446 S 1055 W, Ste 101, South Jordan, Utah 84096; (801) 662-9117; or [courtney@wesetthestage.com](mailto:courtney@wesetthestage.com).

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 contracts carefully. Show your contract and this Franchise Disclosure Document to an advisor, like a lawyer or 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 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W Washington, D.C. 20580. You can also visit the FTC's home page at [www.FTC.gov](http://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.

ISSUE DATE: May 22, 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

**How much can I earn?**

### WHERE TO FIND INFORMATION

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 Exhibits B-1 and B-2.

**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 C includes financial statements of Franchisor. 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 Set The Stage business in my area?**

Item 12 and the "territory" provisions in the Franchise Agreement describe whether the Franchisor and other franchisees can compete with you.

**Does the franchisor have a troubled legal history?**

Items 3 and 4 tell you whether the Franchisor or its management have been involved in material litigation or bankruptcy proceedings.

**What's it like to be a Set The Stage franchisee?**

Exhibits B-1 and B-2 list 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 also may have laws that require special disclosures or amendments be made to your Franchise Agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Utah. Out-of- state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the Franchisor in Utah than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty payments or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Condition.** The franchisor’s financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor’s financial ability to provide services and support to you.
5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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.

THE FOLLOWING APPLY ONLY TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW

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

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

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

Any questions regarding the notice of this Offering should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
525 West Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

TABLE OF CONTENTS

<u>Item</u>		<u>Page No.</u>
ITEM 1.	THE FRANCHISOR, AND ANY PREDECESSORS AND AFFILIATES . . .	-1-
ITEM 2.	BUSINESS EXPERIENCE . . . . .	-3-
ITEM 3.	LITIGATION . . . . .	-4-
ITEM 4.	BANKRUPTCY . . . . .	-4-
ITEM 5.	INITIAL FEES . . . . .	-4-
ITEM 6.	OTHER FEES. . . . .	-5-
ITEM 7.	ESTIMATED INITIAL INVESTMENT . . . . .	-7-
ITEM 8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES . . . . .	-9-
ITEM 9.	FRANCHISEE’S OBLIGATIONS. . . . .	-12-
ITEM 10.	FINANCING. . . . .	-13-
ITEM 11.	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING . . . . .	-13-
ITEM 12.	TERRITORY . . . . .	-20-
ITEM 13.	TRADEMARKS. . . . .	-22-
ITEM 14.	COPYRIGHTS AND PROPRIETARY INFORMATION. . . . .	-23-
ITEM 15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS. . . . .	-24-
ITEM 16.	RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL . . . . .	-25-
ITEM 17.	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION . . . . .	-25-
ITEM 18.	PUBLIC FIGURES. . . . .	-28-
ITEM 19.	FINANCIAL PERFORMANCE REPRESENTATIONS. . . . .	-28-
ITEM 20.	OUTLETS AND FRANCHISEE INFORMATION. . . . .	-29-

ITEM 21.	FINANCIAL STATEMENTS .....	-31-
ITEM 22.	CONTRACTS.....	-31-
ITEM 23.	RECEIPT .....	-31-

TABLE OF EXHIBITS

A	State Administrators and Agents for Service of Process
B	List of Franchised Operations
C	Financial Statements
D	Standard Franchise Agreement
E	Standard Renewal and Release Agreement
F	Assignment to Entity Agreement
G	Preauthorized Payments Form
H	Non-Disclosures / Non-Competition
I	State Specific Addenda
J	Receipt

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

### The Franchisor

Set The Stage, Inc. is the Franchisor. The franchises described in this Franchise Disclosure Document are offered and sold by Franchisor. This Franchise Disclosure Document also refers to the Franchisor as “we” or “us.” We refer to the person who buys a franchise from us as the “Franchisee,” or as “you.” If you purchase a franchise described in this Franchise Disclosure Document, you will have a contractual relationship with us.

Franchisor has rights to the trademark “Set the Stage®” and the System pursuant to a License Agreement with The Key Design, LLC., an affiliate of Set The Stage, Inc. by reason of common control. Please refer to “Affiliates” below. Franchisor does business under the name Set the Stage and does not do business under any other names. Set The Stage, Inc. was incorporated in Utah on August 6, 2021. Its principal business address is 10446 S 1055 W, Ste 101, South Jordan, Utah 84096. Please refer to Exhibit A for a listing of agents for service of process.

### Predecessors

On October 31, 2016, the principals of the Franchisor acquired a staging company doing business under the trade name “The Key Design.” One year after the acquisition, The Key Design was relocated to Sandy, Utah and is now located at our headquarters in South Jordan, Utah. At the time of its acquisition by the principals of the Franchisor, The Key Design, LLC was a company primarily offering home staging services to real estate agents and homebuilders. In 2018, The Key Design, LLC added retail furniture and decor products to market and sell directly to homebuyers. The Key Design, LLC also expanded its scope of service by providing Pre-Listing Consultation Services for home sellers and Vacation Rental Furnishing Packages for real estate investors. In June 2019, The Key Design, LLC acquired the registered trademark “Set The Stage®” and began doing business under that name. In 2020, Set the Stage® added “Love Your Space” consultations for the general public. Also in 2021, Set The Stage, Inc. was incorporated to develop and market franchises for aspiring entrepreneurs.

### Affiliates

The Franchisor is wholly-owned by its parent company, The Key Design, LLC, a Utah limited liability company with an address at 10446 S 1055 W, Ste 101, South Jordan, Utah 84096. The Franchisor’s affiliate, Set the Stage Salt Lake Valley, LLC, is also wholly-owned by The Key Design, LLC, which is a Utah limited liability company with address at 14550 Center Point Way, Bluffdale UT 84065. This affiliate operates a business substantially similar to the business you will operate as a franchisee. The Franchisor has no other affiliates.

### Franchise Brokers

The Franchisor makes use of one or more franchise brokers to offer and sell its franchises. Only those identified on your Receipt Page (Exhibit K) are authorized to offer or sell a franchise on behalf of the Franchisor.

## The Business

The business which is the original basis of the franchise business described in this Franchise Disclosure Document was created in 2013 under the name The Key Design, Home Staging Services. The Franchisor began offering franchises in 2022. The franchise business is the operation of a business that provides staging services and furnishes staging packages to real estate agents, home sellers, home builders and real estate investors. The franchise business also includes providing quality furnishing products to home buyers and consultation services to the general public.

The franchise business provides services and products using a unique system under specific names and marks.

## The Franchise

The franchise being offered in this disclosure document is the right to establish and operate a staging and furniture sales and rental business. Staging is the furnishing of residential or commercial real estate space on a temporary basis to facilitate the ultimate sale. Business comes primarily from referrals by real estate professionals and real property owners and managers.

We encourage you to enter into strategic alliances with realtors, homebuilders, home sellers, real estate investors, real estate brokers, and other service-oriented businesses in your territory that can give you referrals. In states where multiple franchisees are established, we encourage you to pool resources for advertising purposes.

Competition to our franchisees comes from other staging companies that perform some of the same or similar services, as well as entities that sell furniture directly and others. Although, there are staging companies that stage homes with results that are very similar to Franchisor's staged homes, many of the services provided by Franchisor are unique in systems, processes, technology, sales methods, and marketing strategies.

Revenues can be seasonal with home buying trends and cyclical with real estate market conditions. The shifts in business have mostly been regarding the turnaround time for the staged furnishings. In a seller's market, homes typically go under contract faster and with quicker closings; while in a buyer's market, homes typically are on the market longer often resulting in extension of staging contracts.

If required by your state, you may need to obtain and maintain an active contractor's license. If so, you are required to submit proof of your current contractor's license annually in conjunction with confirmation of payment of taxes and proof of insurance. There are no other regulations specific to the industry that we are aware of. You must comply with all laws that apply to business in general. We strongly encourage you to investigate these laws and their possible effect on your business. You will operate your Franchised Business under our Franchise Agreement. You are required to purchase certain items (including, but not limited to furnishings, support supplies, and equipment) from us or specific suppliers. See Item 8 of this Franchise Disclosure Document.

## Business Experience

The Franchisor does not and has not conducted or operated any business similar to the Franchised Business that will be operated by YOU. However, certain affiliates of Franchisor, including its principals, have operated businesses which are similar to the Franchised Business, although these businesses were not operated as franchises.

Franchisor began offering franchises of the type of business that is to be operated by you in 2022. We provide training and operational support for our franchisees. We have never offered franchises in any other line of business and have no other business activities.

Neither Franchisor nor its predecessors or affiliates offers or has offered franchises in any other line of business.

### ITEM 2. BUSINESS EXPERIENCE

#### **President and CGO (Chief Growth Officer) Courtney Clark**

Courtney Clark is the President and Chief Growth Officer of Set the Stage, Inc. since April 2025, in Salt Lake City, Utah. She was previously our CCO from June 2022 to April 2025. Prior to that time she had served as CEO of the Franchisor since its formation in August 2021 through June 2022. Ms. Clark has also served as Director of Operations of The Key Design in South Jordan, Utah since the purchase of The Key Design in October 2016. In 2018, she became CEO of The Key Design and has held such position through the present.

#### **Vice President of Training and Development Destini Madsen**

Destini Madsen is our Vice President of Training and Development and has held such position since April 2025. She has held previous positions for us, as Lead Stager, Project Manager, Studio Manager, and Training Director, from 2016 to the present, in our Salt Lake City, Utah location.

### ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

### ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

### ITEM 5. INITIAL FEES

The Franchisee must pay an initial Franchise Fee (the “Franchise Fee”) to the Franchisor in the amount of \$59,500 (for a single unit), and must purchase a Set The Stage Starter Package (the “Starter Package”) from the Franchisor at a cost of between \$99,000 and \$129,000. The Franchise Fee will be paid upon signing of the Franchise Agreement. The \$99,000 to \$129,000 for the Starter Package will be paid prior to attending Set the Stage University. Upon payment of the Franchise Fee and the Starter Package in full, all materials included in the Starter Package will be ordered for the Franchisee and scheduling a “Setting The Stage” Week with us will begin. The Franchise Fee and cost of the Starter Package must be paid in cash, cashier’s check, or ACH bank transfer.

A 10% reduction of the Franchise Fee may be available to certain qualifying veterans.

A reduced Franchise Fee may be available in connection with multiple franchises purchased in the same transaction and at the same time: Franchise Fee for the second franchise is \$40,000.00; for the third franchise is \$40,000.00; for the fourth is \$35,000; and for additional franchises it is \$30,000.00 for each additional unit. This multi-outlet discount is only available for franchises purchased in a single transaction.

Neither the Initial Franchise Fee nor any other initial fee paid by you to us is refundable. The Franchise Fee is paid in consideration for our sales expense, administrative overhead, return on investment, start-up costs related to the execution of the Franchise Agreement, start-up costs related to the opening of the franchise, pre-opening training, and for our lost or deferred opportunity to sell franchises in your franchise territory to others.

The Starter Package includes materials used in the operation of the Franchised Business, including five (5) complete Furnishings Packages (including furniture, textiles, and decor), each sufficient to stage a moderate-sized space. The Starter Package also includes staging materials, staging equipment (including storage containers, totes and linen bags), staging supplies (including packing materials for up to six months), staging tool bags (including tools and supplies), basic location signage and branded team items. The introductory marketing tools, website portal and operations template are also included. The range from \$99,000 to \$129,000 reflects certain variable costs, that will be determined at the time of curating and sourcing the Starter Package based on the current vendor rates as well as applicable tax, tariff, and freight shipping costs which can be calculated more particularly for your location at such time.

The Launch Support Fee of \$15,000 is paid to us for services provided to you in marketing and preparing the business for its launch.

The initial fees are uniform except as described herein.

ITEM 6. OTHER FEES

Name of Fee (1)	Amount of Fee	When Due	To Whom Payable
Franchise Royalty (2)	Six percent (6%) of Gross Revenues, subject to required minimum royalties	Monthly, within 15 days after calendar month for which due.	Franchisor
Project Support Fee (3)	actual cost	when incurred	Franchisor
Advertising & Promotion Fee (4)	Up to 2% of annual Gross Revenues, at Franchisor discretion	Monthly	Franchisor
Late Fees, Convenience Fees, Penalties, and Interest (5)	Late payment, \$250 or 10% if greater; Late reporting, \$250; Convenience, 3.5%; Interest, 12%	Upon demand after your payment or reporting default.	Franchisor
Transfer/Training Fees (6)	Greater of \$15,000 or 5% of gross sale or transfer price	Upon any assignment, sale or transfer of the franchise except to a spouse or child of Franchisee (for which a reduced fee of \$500 applies).	Franchisor
Renewal (7)	\$5,000	Upon renewal	Franchisor
Additional Training (8)	\$300 per day, plus travel, lodging and meals.	Before additional training begins.	Franchisor
Technology and Software Fees (9)	Software fees will apply for required software at the rates established by providers. Required softwares presently include our app, your email and web presence, operations and vendor software, accounting software, franchise management software, and payment processing. Presently, these fees are approximately \$250-500. All technology and software fees are subject to change.	Monthly.	Franchisor and Third Parties

Audit Fees (10)	actual cost	when incurred	Third Parties
Attorney Fees	Actual cost	When incurred	Third Parties. Note, this applies to specific potential fees applicable under Section 18.N and 19.3 of the franchise agreement.

(1) All of these fees apply to each franchise purchased and are imposed by and are payable to Franchisor. All fees are non-refundable and are uniformly imposed.

(2) Franchise Royalty. The Franchise Royalty is the greater of 6% of Gross Revenues or a minimum royalty amount. We will auto-withdraw from your bank account the amount to cover Royalty Fee payments. We reserve the right to charge your credit card and assess a 3.5% convenience fee on the outstanding balance if auto-withdraw is unsuccessful to cover Royalty Fee payments, or any past due amounts, penalties or interest.

Minimum royalty fees will apply to any month in which 6% of your Gross Revenues is less than the designated minimum royalty fee. The minimum royalty fees vary by the duration of your agreement. The following schedule governs these minimum royalty fees:

# of Units of Territories	Months 1-6	Months 7-12	Months 13-24	Months 25-36	Months 37-48	Months 49-60	Months 60-72	Months 73-End
2 Units or less	\$0	\$500	\$1,000	\$1,100	\$1,200	\$1,300	\$1,400	\$1,500
3 Units	\$0	\$750	\$1,250	\$1,350	\$1,450	\$1,550	\$1,650	\$1,750
4 Units	\$0	\$1,000	\$1,500	\$1,600	\$1,700	\$1,800	\$1,900	\$2,000
5 Units or more	\$0	1,250	\$1,750	\$1,850	\$1,950	\$2,050	\$2,150	\$2,250

(3) Project Support Fee. This fee relates to National Accounts, accounts requiring more than the normal capability of a single Franchisee. In this situation, the Franchisee may refer the account to the Franchisor, who may accept it as a National Account and pool the resources of multiple Franchisees and negotiate a separate Project Support Fee to be paid from the account.

(4) Advertising & Promotion Fee. This is a fee which is assessed by the Franchisor in an amount up to 2% of annual Gross Revenues. It is managed by the Franchisor and intended to promote the brand.

(5) Late Fees, Convenience Fees, Interest. Late payment, greater of \$250 or 10% of late payment; late reporting, \$250 per report; convenience fee, 3.5% of failed auto withdrawal; interest, 12% of amounts owed or maximum amount allowed by law, if lesser.

(6) Transfer. Transfer/Training Fee. You may not transfer your franchise without our prior written consent. If we consent to a transfer of the franchise by you, a fee of the greater of i) \$15,000.00 or ii) 5% of the transfer transaction/sale price for the franchised business must be paid, by either you or the approved transferee to reimburse us for our reasonable legal, accounting, credit, or other investigation expenses. This transfer/training fee is nonrefundable and is payable at the time of the approved transfer.

(7) Renewal. The Franchise Agreement may be renewed subject to compliance with the Franchise Agreement, including the payment to Franchisor of a \$5,000 renewal fee.

(8) Additional Training. The prevailing 8-hour per day rate is currently \$300 plus travel, lodging and meals of our trainer when requested by you and approved by us. Additional training can be between two and five days in length, with an estimated cost of \$600-\$1,500 (this does not include travel, lodging and meals of our trainer, which are estimated to be \$100-\$250 per day). If training is performed at a Company owned location, travel, lodging and meals of our trainer are not required. Your travel, lodging and meals are your responsibility in addition to the amount due for the additional training. The current rate for additional training is \$300 per 8-hour day or \$37.50 per hour. Franchisor has the discretion to adjust Additional Training rates to accommodate for labor rate adjustments in the job market such as inflation or the increase in standard wages.

(9) Technology Fees. You are required by the Franchise Agreement to subscribe to and use the Set The Stage Inventory Management App and the Set The Stage Customer Relations App. The Inventory Management App will be used to manage staging projects, inventory of furnishings and decor, team information, and calendared events. You are also required by the Franchise Agreement to subscribe to a WeSetTheStage.com email account for each of the Franchisee, its Affiliates and team members, and pay the applicable hosting fee. A credit card must be provided upon activation of the software applications and email accounts. Activation fee and monthly hosting fee will be paid from the provided credit card. The hosting fee is subject to change by the host. Other required software such as for credit card or payment processing and accounting and bookkeeping will have fees as set by those vendors, which is included in the range of fees presented in the table. Payment processing fees may vary depending on your revenues. The amounts reflected represent the range of actual fees reported to us. In the future, we may implement required software or technology such as a dedicated franchisee landing page/website, e-commerce ordering, e-documents, payroll, protection plans/product warranties, automated email marketing, and lead generation services.

(10) Audit Fees. You are required by the Franchise Agreement to submit to us certain financial reports and information. We have the right to audit or cause to be audited these financial reports and information at our expense. However, if the audit discloses an understatement of 2% or more of the Gross Revenues of the Franchised Business for any period, you are required to reimburse us for the costs of the audit.

## ITEM 7. ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

Expenditure	Amount	Method of Payment	When Due	To Whom Payable
Franchise Fee (1)	\$59,500	Lump Sum	Pay upon signing Franchise Agreement.	Franchisor
Starter Package (2)	\$99,000 - \$129,000	Lump Sum	14 days after signing the Franchise Agreement	Franchisor
Launch Support Fee (3)	\$15,000	Lump Sum	Prior to attending Set the Stage University	Franchisor
Rent (4)	\$2,200 - \$2,800	As Incurred	As Incurred	Third Parties
Infrastructure, Improvements, and Tools (5)	\$1,420 - \$5,325	As Incurred	As Incurred	Third Parties
Vehicle (6)	\$0 - \$2,500	Monthly	Before Use	Third Parties
Laptop Computer and Smartphone (PC or MacBook recommended) (7)	\$0 - \$1,000	Lump Sum	As Incurred	Third Parties
Insurance (8)	\$0 - \$2,000	Annually	As Incurred	Third Parties
Marketing Expenses (9)	\$2,700	As Incurred	As Incurred	Third Parties
Training Attendance Expenses (10)	\$1,500 - \$3,000	As Incurred	As Incurred	Third Parties
Additional Funds - initial period (11)	\$9,000 - \$15,000 for the first three (3) months	As Incurred	As Incurred	Third Parties
TOTAL (12)	\$190,320 to \$237,825			

You should anticipate the preceding initial expenditures in connection with the establishment of a Franchisor franchised business. Franchisor currently does not finance any fees; however, this is subject to change at the Franchisor's discretion and financing abilities. Additional factors related to particular expenditure categories are described in the following notes. We estimate the initial phase covered by the above estimates to be approximately 3 months. The high and low range estimates are

based on our owners' experience in opening and operating since 2016 as well as on information provided to us from our franchise owners that have already launched.

(1) The Franchise Fee is non-refundable and can be referenced from Item 5 for a description of what is included. Note that if you simultaneously acquire multiple units/franchises, a discount to the initial franchise fee for those additional units will follow the fee structure of: 1<sup>st</sup> Unit: \$59,500; 2<sup>nd</sup> Unit: 40,000; 3<sup>rd</sup> Unit: 40,000, 4<sup>th</sup> Unit: 35,000; 5<sup>th</sup> and additional Units: \$30,000 each.

(2) The Starter Package can be referenced from Item 5 for a description of what is included. All furnishings necessary to begin operations are included in the Starter Package. This inventory should last for at least 60 stages unless sold to consumers throughout the course of those stages, if maintained properly. At this time, new inventory will need to be purchased to replace sold items.

(3) Launch Support Fee in the amount of \$15,000 shall be paid by the Franchisee to the Franchisor prior to attending Set the Stage University.

(4) Franchisees are required to lease a small warehouse space. Rent is estimated at \$2,200 to \$2,800 per month, depending on factors such as size, condition and location of the leased premises, and local economic real estate conditions.

(5) Studios MUST BE carpeted (inexpensive grey low pile indoor/outdoor carpet) anywhere staging furnishings are stored. Simple wood (painted and carpeted) platforms for furniture, rugs, and wall art need to be constructed (plans provided).

(6) Although professional movers are the best means to move furnishings, a vehicle is beneficial for smaller loads. If you don't already have a vehicle, you may need to purchase or lease one. This amount is an estimate based on reasonable interest rates and other factors.

(7) A laptop computer will be needed for business functions. A PC powered by Microsoft, or a MacBook powered by iOS operating systems, is highly recommended to ensure all programs and the STS Operations App function properly. You must create a Google account which will accommodate WeSetTheStage.com emails, Google Drive, Google Docs, Google Sheets, and Google Slides. Use of the STS Operations App will be mandatory. We do designate certain required bookkeeping and accounting software, as it will integrate with a franchise STS OperationsApp best as well as point-of-sale or payment processing systems or software (which typically require payment of a percentage-based fee per transaction). You will be required to have Franchisor as a user and can be listed as "Reports Only" for the user type access. You will need to have high-speed Internet access (cable/DSL/T1), where available. You will also need a printer. Most franchisees will already have these software programs on their home computer, but the estimated costs to obtain these items if you do not already have them is approximately \$150, you will also need to pay monthly for internet service.

(8) You must obtain business insurance, including general liability, business personal property insurance, workers compensation, etc. We can help direct you to an agent that has provided the insurance for Franchisor and other franchisees.

(9) The initial marketing efforts require significant driving to real estate brokerages for agent pop-ins and brokerage presentations to promote our service, as well as, visiting potential clients such

as builders and investors. This expense is significant particularly during the initial period of operation.

(10) Set the Stage University is held in Salt Lake City, Utah. These estimates represent and include your out-of-pocket travel costs or expenses related to attending training. You must pay all expenses that you and your employees incur in connection with attendance at the initial training program, such as travel, lodging, and meals. These costs will vary depending upon your selection of lodging and dining facilities, as well as the mode and distance of travel and transportation.

(11) The additional funds reflect anticipated initial expenses you are likely to incur while you establish the Franchise, and those you are likely to incur between the time you begin providing services and the time you begin having a steady cash flow from payments by customers. Your expenditures will depend on factors like your business skills and experience, general and local economic conditions, competition, the prevailing wage rate, the amount of revenue you generate during the initial period, how well your business is performing, and the number of hours you are willing to invest in your Franchise. These expenses do not include any draw or salary for the owners of the Franchise.

(12) Your actual costs will depend on factors such as: your experience and business expertise, how specifically you follow Franchisor's methods of operations, your management abilities, local economic conditions, the acceptance of our services in the local area, the prevailing wage rate, the number of employees, competition, and sales abilities. These estimates are based on the initial phase of operations or approximately three (3) months. Franchisor relied on franchisor and franchisees combined experience to compile these estimates, the length of the initial phase, as well as the cost to new franchisees.

## ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We will grant you access to online copies of our Operations Manual at the mandatory training course described in Item 11, below. We may amend the Operations Manual, including changes that may affect minimum requirements for your franchise operations. You will strictly follow the requirements of the Operations Manual as we amend them. You will carry out immediately all changes at your cost, unless we otherwise specify. We reasonably may designate minimum standards for operations and designate guidelines, as specified in the Operations Manual. The Operations Manual is confidential, copyrighted, and our exclusive property.

The Operations Manual contains our system and related specifications, standards, operating procedures, accounting and bookkeeping methods, marketing programs and ideas, advertising layouts, advertising guidelines, operation requirements, public relations guidelines, service guidelines and other rules that we may prescribe.

We and our franchisees have an interest in ensuring the proper marketing and promotion of Franchisor services and in protecting the quality and integrity of our brand and our system, including knowhow and trade secrets. To protect our common interests, we require you to purchase certain products and services from us, from our designs, from suppliers or distributors we approve, or under our specifications.

Required Purchases. You must purchase all staging furniture and decor (non-furniture items – rugs,

lamps, wall art, accessories, faux plants, etc.) from approved distributors and approved suppliers. Any other suggested vendors, suppliers or distributor accounts in the Furnishings Industry must be approved by Franchisor. Except as described below, Franchisor does not receive any additional revenues or consideration from your purchase of the staging furniture and décor.

You must purchase additional support items (after included items are consumed) from Franchisor or our approved or designated suppliers and all advertising materials, clothing, and any equipment, products, inventory, or other items that bear our name, marks, or approved logo in them.

Due to the nature of our equipment and supplies, and for branding conformity, you must purchase all storage containers, totes, linen bags, and tool bags from Franchisor. We negotiate purchase arrangements with suppliers, including price terms and volume discounts for the benefit of our franchisees and franchise system. Other equipment and supplies may be purchased from other sources.

The initial equipment and supplies for operations comes as part of the Starter Package. The Starter Package includes your initial inventory of equipment and supplies; advertising and marketing materials such as business cards and brochures; administrative material such as office forms and routine administration forms; access to our Operations Manual (including but not limited to business information, training guides, forms, etc.).

We are currently among the approved supplier for the items listed above. We may approve other suppliers for the equipment or supplies outlined above.

All specifications that we require of you and lists of approved suppliers will be included in the Operations Manual. We will, upon request, provide them to approved suppliers and suppliers seeking approval. We will use our best judgment to set and modify specifications to maintain the integrity and quality of our franchise system.

We may derive revenue from our purchasing or distribution cooperatives and arrangements and by providing products and services to you. This revenue results from sales to our franchisees of products bearing our names and mark and the equipment outlined above. We also reserve the right to receive rebates, price adjustments, or discounts on products or services sold to you by recommended or approved suppliers. Through organizing Franchise buying groups for furnishings, supplies, marketing materials, etc. (for deeper wholesale discounts for franchisees), Franchisor may receive material benefits or revenue from required purchases. During calendar year 2023, we received no such revenue.

We estimate that approximately 2% to 3% of Franchisor total revenues will be from products purchased from us or our distributors, by our franchisees. We estimate that purchases from approved suppliers or Franchisor will be from 50% to 100% of the total purchases you make to establish and operate your franchise.

As part of the computer equipment, we require you to purchase as disclosed in Item 7 above and Item 11 below, we also have online training materials. You must lease, purchase, or otherwise acquire, from sources of your choice and at your expense, computer equipment software and hardware (including but not limited to programs, computer terminals and Internet); which strictly conform to our specifications as outlined in Item 11, below.

You are required to obtain and keep in force the following insurance:

(A) Insurance on the generally accepted “all risk” form insuring all personal property, leasehold improvements, and assets of every description and kind you use in the franchised business, for the full insurable value thereof;

(B) Commercial general liability insurance with a limit of not less than \$1,000,000 per occurrence (combined single limit for bodily injury and property damage) with respect to the activities you and any employee or other person performing work on your behalf conducts;

(C) Automobile liability insurance with limits of not less than \$1,000,000 per accident for all owned, hire, and non-owned vehicles you, your employees, or any other person performing work on your behalf operate;

(D) Workers’ compensation insurance as required by state law, and employers’ liability insurance with limits of not less than \$100,000 per person; and

(E) Third Party Crime Bond/Policy with limits of not less than \$25,000 per occurrence.

All such insurance policies will be written by responsible insurers approved by us and licensed to conduct business in your Operating Territory, and will name Franchisor as an additional insured (on a primary, non-contributory, basis), and will provide that we receive 30 days’ written notice before termination, expiration, or cancellation. You must submit to us a copy or certificate or other acceptable proof of such insurance at least 10 days before you begin operation of the franchise and each year. During the term of your Franchise Agreement, we may increase the minimum insurance limits from time to time and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, court awards, and other relevant circumstances. If you at any time fail or refuse to maintain in effect any insurance coverage required by the Franchise Agreement, we may, at our option, obtain such insurance coverage on your behalf, and you will promptly execute any applications or other forms or instruments required to obtain any such insurance and, on demand, reimburse us for any and all costs or expenses we incur and premiums we pay related to such insurance.

You may not sell any products, services, or activities other than those specifically recognized and approved by Franchisor as part of our franchise system without our prior written approval. The only approved services and products Franchisor has currently approved are: Vacant Home Staging, Model/Parade Home Staging, Vacation Nightly Rental Staging and Equipping, Pre-Listing Consultations, Love Your Space Consultations, and Furniture and Decor Sales. For liability reasons, neither Franchisor nor Franchisee is permitted to engage in typical Interior Design Services for compensation, including but not limited to: Reconstruction and remodeling consulting and design, interior and exterior hard finishes, etc.

Except as stated above, you may purchase or lease any other goods, services, supplies, fixtures, equipment, inventory, or real estate from any supplier, provided they meet any specification we provided.

We currently provide material benefits to franchisees based on use of designated or approved sources including access to preferred pricing, the right to renew or transfer your franchise rights,

and the right to obtain additional franchises.

## ITEM 9. FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Franchise Disclosure Document Item
a. Site selection and acquisition / lease	Section 3	Item 12
b. Pre-opening purchases / leases	Section 4, 7, 8	Items 7, 8
c. Site development and other pre-opening requirements	Section 4, 6	Items 11, 12
d. Initial and ongoing training	Section 7, 8	Items 6, 7, 11
e. Opening	Section 6	Items 6, 11
f. Fees	Section 4, 6, 7, 8, 9, 10, 12	Items 5, 6, 7
g. Compliance with standards and policies / Operations Manual	Section 7, 9	Items 6, 8, 16
h. Trademarks and proprietary information	Sections 8, 9, 11, 17	Items 13, 14
i. Restrictions on products / services offered	Section 7, 8, 9	Item 16
j. Warranty and customer service requirements	Section 9, 17	Item 8, 17
k. Territorial development and sales quotas	Section 8	Items 11, 12
l. Ongoing product / service purchases	Section 8, 9	Items 6, 8
m. Maintenance, appearance and remodeling requirements	Section 9	Items 11
n. Insurance	Section 10	Items 7, 11
o. Advertising	Section 12	Items 6, 11
p. Indemnification	Section 10	Item 14
q. Owner’s participation / management / staffing	Section 8	Items 11, 15
r. Records and reports	Section 13	Item 11
s. Inspections and audits	Section 13	Items 6, 11
t. Transfer	Section 15	Items 6, 17
u. Renewal	Section 5	Items 6, 17
v. Post-termination obligations	Sections 17	Item 17
w. Non-competition covenants	Sections 14	Item 17

Obligation	Section in Franchise Agreement	Franchise Disclosure Document Item
x. Dispute resolution	Section 18	Items 11, 17

[Remainder of Page Intentionally Blank]

## ITEM 10. FINANCING

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

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

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

Services Before Operation (Not Applicable to Renewal) Before you open your Franchised Business, representatives from Franchisor will:

1. Meet with you and present the size and location of your specifically assigned Operating Territory for your Franchise. We have already pre-determined the size and location of your Operating Territory (Franchise Agreement, Schedule A). You are required to establish a principal office (may be in your home, if within the Operating Territory, a commercial space, or your studio facility) and a studio facility (may be a commercial space) for the Franchised Business. Both the principal office and the studio facility must be located in the Operating Territory and must be approved in advance by the Franchisor. Generally, a principal office approval will be based upon suitability for their particular purpose and a studio facility must contain a minimum of 1,200 square feet and must be configurable to accommodate Your equipment, inventory, and supplies. If a site has not been both selected by You and approved by Us within six months of the date you sign your Franchise Agreement, either You or Us may terminate the Franchise Agreement, with no refund of initial fees due. Other site requirements and infrastructure are noted above in Item 7.
2. Make available to you and up to three participants the pre-opening training, Setting the Stage Program. Training can consist of up to four (4) weeks of Franchisor Training in the operation of a Franchisor franchise (Franchise Agreement, Section 7). We describe our Franchisor Training more fully below in this Item 11. You must successfully complete the training program to our satisfaction in order to be authorized to open for business.
3. Provide you with your Starter Package and review its contents. We may use the materials provided in your Starter Package in your training. See Item 8 of this Franchise Disclosure Document.
4. Loan to you a hardcopy of and/or grant to you online access to our Operations Manual and other confidential and proprietary materials containing specifications and operating procedures we prescribe from time to time. We will update and modify the Operations Manual and other items to meet the changes in our system and industry. On termination or expiration of the Franchise Agreement for any reason, you must immediately return all copies (hard and electronic) of the Operations Manual and all other proprietary materials to us. (Franchise Agreement, Section 4.6). You must keep the manuals up-to-date with replacement pages and inserts, and you must protect the confidentiality of the manuals.
5. Allow you to use our technology, franchise management software, proprietary

information, and trade secrets (Franchise Agreement, Sections 9 and 11). The software and the computer equipment you will need are described in the notes to Item 7.

6. Upon receipt of the initial payment of your Franchise Fee and Starter Package, we will schedule and provide marketing and sales presentation training to potential clients.
7. Prior to the commencement of operations by the Franchisee and upon payment by the Franchisee of a Launch Support Fee in the amount of \$15,000.00 to the Franchisor, the Franchisee will hold a Grand Opening. This fee is paid to the Franchisor for the services it provides to you in marketing and preparing the business for its launch.

### Time to Open

The typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business is about 60 days. You must commence your Franchised Business operations within 30 days after you successfully complete our Pre-Opening Training (see below in this Item). Factors that may affect this timeframe are arranging for the training session, financing, business permits, equipping the franchise and obtaining initial inventory, and your personal operation needs.

### Operations Manual

The Operations Manual is confidential and proprietary, and must remain property of the Franchisor. The Operations Manual contains mandatory and suggested specifications, standards, and procedures. We may modify the Operations Manual, but the modifications will not alter your basic status and rights under the Franchise Agreement. Revisions may include advancements and developments in supplies, products, equipment, sales, marketing, operational techniques, and other items and procedures used for the operation of the Franchised Business. As of the date of this Franchise Disclosure Document, the current version of the Operations Manual is hosted online through shared Google Drive and consists of approximately 200 aggregate pages. A table of contents for the Operations Manual is shown here:

#### Operations Manual

Introduction	Section 1
Franchise Setup	Section 2
Sales & Marketing	Section 3
Staging Fundamentals	Section 4
Set The State Management App	Section 5
Hiring & Onboarding	Section 6
Team Member Training	Section 7
Scheduling	Section 8
Products & Services	Section 9
Pricing	Section 10
Contracts & Invoices	Section 11
Studio & Maintenance	Section 12
Set The Stage Events	Section 13
Forms & Templates	Section 14

### Initial Training – Set the Stage University

We will provide you with the initial training program described below. (Franchise Agreement, Section 7). You must successfully complete Set the Stage University before you begin operating your franchised business.

As of the date of this Franchise Disclosure Document, the current agenda for training includes:

#### **SET THE STAGE UNIVERSITY\***

\* The training agenda may be modified from time to time. Set the Stage University is a five-day training program designed to equip business owners with an understanding of the foundational principles of our business model. Hosted in Salt Lake City, Utah, the program integrates classroom-based instruction with practical, hands-on field experience to deliver a robust and immersive educational experience.

#### Explanatory Notes:

1. Some of the training may be completed within your assigned Operating Territory, however due to the nature of our business, most training will be done from our South Jordan, Utah location or at another location that we designate. Any training done in your Operating Territory needs to be approved by us in advance. Our instructors and support staff will train you based on the written manuals we will lend you. We will discuss your questions and walk you through the operation of the business. The time to complete the Pre-Opening Training varies depending on how much time you can devote to training and how quickly you understand the material. We expect Pre-Opening Training to take you up to a 30-day period to complete. We do not charge any additional fee for the Pre-Opening Training. All your accommodations, travel, room, board, and wage expenses during this period are borne exclusively by you. In addition to the training, we may also send an employee or trainer to your Operating Territory to assist with initial work and make sure you have understood all information provided in the training.
2. Our training staff includes Courtney Clark and Destini Madsen, and/or other STS supporting team members designated by us.

Courtney Clark has worked with The Key Design, an affiliate of the Franchisor, since it was acquired in 2016. Courtney primarily served as VP of Operations and the day-to-day management of staging services, furnishing sales and team member training up until March 2020. Since 2020, Courtney has been actively involved in the expansion of Franchisor.

Destini Madsen is our Vice President of Training and Development since April 2025,

and has previously served as a Trainer and Team Member of The Key Design, an affiliate of the Franchisor, since 2017. Destini has also been a Project Manager on numerous occasions. She has a wide range of experience and expertise in all facets of the home staging industry, and has been involved in the development of the Franchisor online training program.

Additional background information for Courtney Clark and Destini Madsen is disclosed in Item 2, above. They use the Franchisor's Operations Manual for instructional material.

Pre-opening and additional training classes are held at our South Jordan, Utah facility on an "as-needed" basis depending on the number of franchisees requesting training in a particular timeframe and our training personnel's availability. You must request to schedule a training session at least 14 days before it is to start.

Additional training or refresher courses are not required unless your performance is below standards set forth in the Franchise Agreement. We require our franchisees to attend our annual Summit, which is generally held each January. You will pay us the published registration fee to attend our annual meeting or Summit, and you are responsible for all additional expenses incurred in attending our annual meeting or Summit including, but not limited to, travel, lodging, meals, and incidentals. The annual meeting or Summit is generally held over a three to four day period. At the annual meeting or Summit, we present, discuss, and review best practices in operations and marketing and cover the latest trends and furnishings products and any new updates and developments for franchises. We estimate the cost to attend our annual meeting or Summit to range from \$900-\$1500.

For optional additional training, whether at our facility or within your Operating Territory the prevailing per-day rate is \$300 plus travel, lodging, and meals of our trainer. Additional training can be between one and five days in duration, with an estimated cost of \$300-\$1,500 plus travel, lodging, and meals of our trainer, which are estimated to be \$100-\$250 per day, if the additional training takes place within your Operating Territory. (See Section 7 of the Franchise Agreement)

Continuing Assistance. During the operation of your franchised business, we will:

1. Provide you with a number for telephone support and email support by our experienced staff and trainers in all aspects of your franchised business, including planning, hiring and training, marketing and promotion, insurance, etc. Support staff will be available during regular business hours Monday through Friday, 9:00AM – 4:00PM MST (Franchise Agreement, Section 7).
2. Provide you with On-Site Training. Our experienced trainers conduct the On-Site Training in the field either in Utah or in your Operating Territory. This training will enable you to train your employees, and establish a marketing and sales program. (Franchise Agreement, Section 7). We describe our Training more fully below in this Item 11.
3. Hold Franchise Meetings or Conference Calls, to consult with you individually and/or to

consult the entire group of franchisees. Virtual meeting or conference calls will most often be facilitated through Zoom or Google Meets.

4. If you request, we will consider any items you propose to us (like supplies, forms, or manuals) in your franchised business that we have not previously approved, to determine whether they meet franchise specifications. (Franchise Agreement, Section 7).
5. Offer you guidance concerning the prices you should charge in your Operating Territory. Although we will provide you with guidance, you do not have to take such advice except with regards to national accounts, where a minimum price should be charged; otherwise, you have the sole right to decide how much you will charge for your services. (Franchise Agreement, Section 9). We do not set minimum or maximum pricing apart from national accounts.
6. Consult with you regarding your performance and your compliance with the Operations Manual as needed or requested by you.
7. We will provide you ordering portals and guidance to vendors that provide printing for us and other franchisees.
8. Administer our advertising program and formulate and conduct national, regional, or local promotional programs.
9. We may provide other supervision, assistance, or services, although we are not bound by the Franchise Agreement or any related agreement to do so. These may include, among other things, advertising materials, literature, additional assistance or training, and bulletins on new products, services, or sales and marketing techniques or developments, which may be provided in a variety of formats, including, without limitation, on the password protected website we refer to as the Portal or any other password protected website operated by us.

#### Advertising and Promotion.

Currently, we promote our brand and franchises through print, social media, internet, local television, direct mail media, and in-person or virtual presentations. Advertising and branding programs may be implemented locally and regionally through regional group marketing efforts. We may use in-house advertising departments and may use regional advertising agencies. We may provide to you advertising materials and sales aids for you to use in your local advertising and promotional efforts. We will use your marketing fees to place advertising in geographic areas, in media, at times and using products and services we deem to be in the best interest of our franchisees and the System.

You are required to pay to us 2% of Gross Revenues per month as a marketing fee. (See Item 6, above). In addition to the annual marketing fee, we strongly recommend that you expend sufficient amounts each month to advertise and promote your franchise.

We reserve the right to temporarily lower, suspend, or rebate the marketing fee at any time, upon prior written notice to you and to our other franchisees. We will administer the capital we

receive as marketing fees and direct all regional and national advertising programs with sole discretion over the creative ideas, materials, endorsements, placement, and allocation of overhead expenses. We may use the marketing fees to maintain, administer, direct, prepare, and review national, regional, or local advertising materials and programs as we, in our sole discretion, deem proper. We are under no obligation to use or administer the marketing fees to ensure that expenditures are proportionate to contributions of franchisees for any given market area or that any franchise benefits directly or proportionately from the development or placement of advertising. We shall not be obligated to expend all or any part of the marketing fees we receive during any specific period.

Each of our company-owned operations offering products and services similar to our Franchised Business will make marketing contributions equivalent to the contribution percentage required of our franchisees.

It is permitted for a Franchisee to promote their business on Social Media platforms within the guidelines and criteria that is set forth in the Operations Manual.

Any marketing fees not used in the fiscal year in which they were contributed will be applied and used for advertising expenses in the following year.

We do not use any of the marketing fee to advertise our franchise opportunity, although we will place notices that franchises are available on advertising materials and on the internet. While advertising materials note that franchises are available from us, no advertising fees or assessments we collect from our franchisees are used for advertising that is principally a solicitation for the sale of franchises.

The marketing fees are administered by us. The marketing fees are not audited. Neither we nor any of our parents, affiliates, or owners receive any payment for providing goods or services paid for by the marketing fees. You may obtain an accounting of the marketing fees and expenditures upon written request to us.

You will not use any advertising copy or other promotional material until we approve it. You specifically acknowledge and agree that any website will be deemed “advertising” under the Franchise Agreement and will be subject to, among other things, our approval, restrictions, and requirements outlined in the Operations Manual. We do not allow you to create a website for your franchised business. We provide, through our own website, the opportunity for each franchisee to have their contact information published.

### Advertising Cooperatives

We do not designate or administer any formal advertising cooperatives. However, franchisees may form a group to pool additional funds to market to particular demographics (typically within a particular region); we encourage you to participate in such group marketing efforts.

Other than the marketing fees described above, there are no other advertising funds or requirements in which you must participate.

## Computer Systems

You must lease, purchase, or otherwise have or acquire, from sources of your choice and at your expense, a laptop computer, a smart phone, and specified software which strictly conforms to our specifications. Many franchisees will already have this hardware and software, but the estimated costs to obtain the required hardware and software, if you do not already have them, will be approximately \$500 to \$2,000. You are required to maintain, update, and upgrade such computer systems. The cost to do so is approximately \$200-\$500, each year although some costs may not be incurred annually.

The laptop computer must have available and be able to process Google Business Software and Google Drive or Microsoft 365 (Words, Excel, Powerpoint) or similar Mac compatible programs, antivirus software, internet browsers (such as Chrome, Safari and Firefox), remote backup methods (such as DropBox), and other programs that we may require from time to time. Having a computer with Microsoft or iOS operating systems is highly recommended to ensure all required programs and the Management App function properly. You must have high-speed Internet access (cable/DSL/T1), where available. You must also have a printer. You must have a Smart phone or tablet and download specific applications that the Franchisor requires, with the capacity and ample storage for taking good pictures of homes to be staged.

Use of the computer system and data, including implementation of the Operations Manual guidelines relating to them, will involve giving us “Administrator” access, which allows us independent access, to your computer system and data, including the right to conduct periodic audits of any accounting records contained on such hardware. We may not share your data with third parties, but are not limited otherwise in how we can access your computer system and data.

**E-Problem Disclaimer:** Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date related problems, and attacks by hackers and other unauthorized intruders ("E-Problems"). We have taken reasonable steps so that E-Problems will not materially affect our business. We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely have reasonable protection from E-problems. This may include taking reasonable steps to secure your systems including firewalls, password protection, and anti-virus systems, and to provide backup systems.

**National or Global Pandemics, Natural Disasters, Economic Failures Disclaimer:** In any unfortunate event of local, national, or global pandemics, natural disasters, economic failures that adversely affect business practices and operations, Franchisor and all Franchisor affiliates are held harmless by Franchisees.

## ITEM 12. TERRITORY

We will grant to you an exclusive and protected territory (which we refer to as your “Operating Territory”). This is an exclusive territory. Among the factors we consider to determine the feasibility of possible territory locations are population statistics and demographics and other similar businesses in the area pursuant to census and chamber of commerce information and information from similar sources. We also take into consideration the number of residences in

your Operating Territory and the concentration of the population. We have determined that a typical Operating Territory would require a population base of approximately 250,000 people. This determination is based on the Franchisor's experience in owning and operating a business similar to that being franchised. The exact determination of your Operating Territory will depend on your approval and our market analysis, market penetration plans and franchise placement strategies. All territory maps for your area will be provided to you in advance of purchasing a Franchised Business.

You will be the only person we authorize to use our System, which includes our Names and Marks, in your Operating Territory during the Term of the Franchise Agreement. We will not operate or franchise the right to others to operate a business substantially similar to the Franchised Business within your Operating Territory.

You are to establish your principal office and a studio facility within your Operating Territory, subject to our approval. Specifications for a studio facility are set forth in the Operations Manual.

You are to advertise, promote, and market your Franchise only in your Operating Territory. You will not be allowed to actively market to or advertise in an area outside your Operating Territory. Any violation of this restriction shall be subject to a \$500.00 per violation fine, payable to the Franchisor. Only we may place national or regional advertising that may cover certain territories. All marketing, promotion and advertising materials are to be approved by Franchisor prior to their use.

Franchisees may serve customers located outside of your Operating Territory, so long as the Franchisee has a pre-existing relationship with the customer prior to the customer's location being situated in the territory of any other franchisee or they arise as a referral from a source arising out of the Franchisee's activities within its Operating Territory. You will also provide additional information and explanation for any work you perform outside of your assigned Operating Territory. We have the right to determine the reasonable transfer time of customers from an existing franchise to a new franchise for customers that reside in the new territory. You may only advertise or market your Franchised Business within your Marketing Territory. Your Marketing Territory is identified on the same Schedule A.

If you have a client in your territory and they have service needs outside of your Operating Territory, whether in another franchisee's territory or not, you may follow that client and fulfill their staging/furnishing sales needs and receive the revenue for your territory.

All staging marketing materials, including but not limited to brochures, business cards and signs promoting all staging services must be advertising the authorized franchisee's business. It is the responsibility of the franchisee supplying the staging furnishings to supply and place only those furnishings marketing tools such as tags, labels, and furnishing signs that are permitted by the authorized franchisee. Marketing will always remain in territory boundaries. If your territory cannot fulfill service needs within your territory, you must notify Franchisor immediately and we may assign service to a nearby territory franchise. All marketing rules stated above will apply.

Before you sign the Franchise Agreement, we will define your Operating Territory in Schedule

A to the Franchise Agreement, usually by a description of the geographic boundaries of the Operating Territory or by a map. Should future demographic shifts result in your Operating Territory being capable of supporting multiple Franchised Businesses, Franchisor reserves the right to redefine your Operating Territory, but only upon an event of renewal or transfer and only if a population base of at least 250,000 is maintained in the redefined Operating Territory.

We do not operate or franchise others to operate any business in the United States offering services similar to those offered under the System under trade names or trademarks other than Set The Stage®.

You must receive our written permission before you relocate your principal office or your studio facility within your Operating Territory. Any relocation will be at your sole expense.

You must satisfy our then current franchise placement and demographics criteria, as expressed in the Operations Manual.

You do not receive the right to acquire additional franchises or grant subfranchises within your Operating Territory or in contiguous territories. You are not granted any options, rights of first refusal, or similar rights to purchase or acquire additional territories or grant subfranchises within your Operating Territory or contiguous territories.

We retain all rights not specifically granted to you in the Franchise Agreement. This includes our right to operate or grant franchises at locations and on such terms and conditions as we may deem appropriate and the right to develop, market, and sell any product or service or own or operate any other business under the Marks. Neither we nor our affiliates are restricted from participating in other distribution methods, whether or not within or next to your Operating Territory, including Internet, other forms of media now or in the future developed, wholesale and e-commerce channels under marks and product configurations different than those offered through your franchise. We are not required to pay you for soliciting or accepting orders from inside your Operating Territory.

We retain the sole right to market on the Internet, including all use of web sites, domain names, URL's, linking, meta-tags, advertising, auction sites, e-commerce, and co-branding arrangements. You will provide us content for our Internet marketing, and follow our Internet usage requirements. We also retain the sole right to use the Names and Marks on the Internet, including on web sites, as domain names, directory addresses, meta-tags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our website. You may not establish a presence of your business on, or market using the Internet or Social Media except as we may specify, and only with our prior written consent. By establishing your franchisee social media presence there are guidelines and specifications that must be followed as outlined in the Operations Manual. Subject to the terms of use on our website, we may gather, develop and use in any lawful manner information about any visitor to the website, including but not limited to your clients, franchisees, or prospective franchisees regardless of whether they were referred to you via the website or were otherwise in contact with you.

We have not established and do not intend to establish other franchises or company-owned outlets selling similar products or services under a different method of operation, trade name or trademark.

We may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

#### ITEM 13. TRADEMARKS

We license the national trademark, that we license to you under the Franchise Agreement (the “Names and Marks”), from Key Design, LLC, our parent company. The principal Mark you will typically use to identify your Franchised Business is the service mark “Set The Stage®.”

The Mark “Set The Stage®” is registered as a service mark on the Principal Register of the United States Patent and Trademark as follows:

Mark	Registration No.	Registration Date	Type of Mark
SET THE STAGE®	4,406,455	09/24/2013 (org.)	Word

We have filed all required affidavits and have not been required to renew this registration.

There are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or the Trademark Administrator of any state or any court, that materially limit your right to use any Mark.

A company in Colorado presently operates under the name Set the Stage with a business model primarily premised around a concept of stocking furniture and renting it to private or independent stagers, although doing some staging services. They have operated in this manner since 2011, only in the state of Colorado. An informal agreement has been reached permitting our franchisees in Colorado to use the acronym “STS” in lieu of the full name, to permit ongoing operations.

Other than as disclosed, there is currently no pending interference, opposition, or cancellation proceeding, nor any pending litigation involving the Marks that is relevant to their use anywhere in the United States. There are currently no pending agreements in effect that affect or limit our use or our ability to license others to use the Marks in any manner material to your Franchise. To our knowledge, other than as disclosed above, there are currently no superior rights or infringing uses that could materially affect your use of the Marks in any state.

If someone challenges your use of our trademark, we will take the action we think appropriate, this could include taking no action at all. Franchisor, alone, has the right to control any legal action or proceeding including settlement involving service mark infringement or trademarks. Franchisor will sue or defend an action at its sole discretion. You must notify us immediately upon learning about any possible infringement or challenge so we can take whatever action we deem necessary. We may take over the defense of this claim at any time and settle it as we think fit.

You must modify or discontinue the use of a trademark if we modify or discontinue it. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of the franchised system.

If another company located in your area already has use of the name “Set The Stage”, we will need to approve another name for your business. If you do business under another name, you need our permission to use our service marks with that name. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. All revenue generated under the business name is subject to Royalty Fees.

#### ITEM 14. COPYRIGHTS AND PROPRIETARY INFORMATION

We claim common law rights and copyright protection and intend to affix a statutory notice of copyright in and to a number of different items you will use in operating your Franchised Business, including our Operations Manual, most of our advertising, administrative and training materials, bidding software, invoicing and other office forms, etc. and to all modifications and additions to them. We have not registered any of these materials with the United States Registrar of Copyrights, although we may do so. There are no determinations, agreements, infringements, or obligations currently affecting these notices or copyrights. You have no rights to our copyrighted materials. You are granted the right and are required to use the copyrighted items only with your operation of the Franchised Business during the term of your Franchise Agreement.

There are no patents, pending patent applications, or registered copyrights that are material to your Franchise.

There are currently no material determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding the patents or copyrights, nor are there any currently-effective agreements between any third parties and us that will limit our right to use or license others to use any of our copyrighted material in any manner material to your Franchise.

We do not know of any infringing uses that could materially affect your use of our Copyrighted Materials in this state or any state in which your Franchised Business is located.

We claim proprietary rights in the contents of our Operations Manual and in all other materials and information related to our System including our methods of operating a business, techniques, specifications, marketing and sales techniques, advertising programs, equipment and supplies, supplier lists, price lists, expansion plans, advertising strategies, and other information we create or use. We consider certain portions and components of these proprietary systems and materials as our trade secrets. You agree to maintain the confidentiality of this information both during and after the term of the Franchise Agreement, and agree that you will not use this information in any other business or in any manner that we do not approve in writing. You may not communicate, divulge, or otherwise display this information to anyone other than your employees who have a need to know of it in order to operate your franchised business. You must have all your management personnel and team members execute on an annual basis a non-disclosure/non-compete agreement, in a form we prepare, to ensure that they maintain the confidentiality of our confidential and proprietary information. Your client lists are our property, and you cannot use them for any purpose other than to support your Franchised Business. We have the right to take legal action against you if there has been an unauthorized use of our confidential information through you. Any litigation that is required for any reason in your Operating Territory is to be paid by you.

We are not required to protect or defend our copyrights or patents, although we intend to do so when it is in the best interests of Franchisor. We have the exclusive right to control any litigation. We are not required to participate in your defense or to indemnify you for damages or expenses you incur if you are a party to any administrative or judicial proceeding involving our confidential information or copyrighted materials. Any litigation that is required for any reason

in your Operating Territory is to be paid by you.

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

We only grant franchises to individuals who are looking for an active, rather than passive, investment. You must directly supervise your Franchised Business. You may hire a manager or a management team to assist you as you deem appropriate. We have the right to approve any manager you hire before the manager assumes management responsibility for the Franchised Business. You are required to dedicate a minimum of 35 hours each week towards sales and management activities for at least the first two years in business and until a qualified and approved manager is hired to run franchisee's operations. We recommend that all managers of your business attend our Franchisor training class(es). You must have your managers, employees and team members execute on an annual basis a non-disclosure/non-compete agreement, in a form we prepare, that obligates them to maintain the confidentiality of our trade secrets and confidential information, including but not limited to our Operations Manual.

If you sign the Franchise Agreement in your individual capacity, you may assign the Franchise Agreement to an entity, provided the entity is legally formed and conducts no business other than the Franchised Business, and further provided that you actively manage the entity and control the entity. You make the assignment through an Assignment to Entity Agreement in which you and your company agree to be bound jointly and severally by all provisions of the Franchise Agreement. All obligations of confidentiality and non-competition under the Franchise Agreement are your personal obligations. Each owner's signature is required to the confidentiality and non-competition agreement, including a personal guaranty of the franchisee's obligations. The spouses of owners are not required to personally guaranty such obligations. All issued and outstanding share certificates of your company must bear a legend stating that you will not transfer, assign, or sell any share without Franchisor approval. If you assign your Franchised Business under the Assignment to Entity Agreement, the entity may hire a manager or management team to supervise the day-to-day operations of the Franchised Business, subject to our requirements regarding the employment of managers. Your managers are not required to have an equity interest in your entity or your Franchised Business.

#### ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

We require that you offer and sell only those products and services that are part of the System or that we approve in writing.

In offering these products and services, you may use only materials, supplies, uniforms, forms, and products that meet our specifications. You must operate your Franchised Business in complete compliance with our System, which permits us to dictate requirements about your trade dress, materials, procedures for performing the work, and advertising. We have the right to add additional authorized products or services that a franchisee is required to offer. There are no limitations on our right to make changes to the types of authorized products and services.

You may provide these products and services to any customers you desire within your Operating Territory. You must refer prospective clients outside your Operating Territory to the Franchisor or to the franchisee with rights to that territory.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION  
THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of your 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. Term of the franchise	Section 5.1	10 Years
b. Renewal or extension of term	Section 5.2	If you meet certain requirements, you may renew for an additional 10-year term.
c. Requirements for franchisee to renew or extend	Section 5.3	Full compliance with the Franchise Agreement during the initial term, give us notice, sign then current form of Franchise Agreement, pay a renewal fee, and sign a renewal/release agreement. Your new Franchise Agreement may have materially different terms and conditions than your original Franchise Agreement. The royalties and other fees may increase but they will be no greater than the royalties and other fees that we then impose on similarly situated renewing and new franchisees. A notice of intent to renew must be given between six (6) and nine (9) months prior to the expiration date of your agreement.
d. Termination by franchisee	None	Not applicable. Only for reasons allowed under applicable law.
e. Termination by franchisor without cause	None	Not applicable
f. Termination by franchisor with cause	Sections 16.2 and 16.3	We can terminate if you default or commit any one of the several listed violations
g. "Cause" defined – curable defaults	Section 16.1	Timely payment of amounts owed (10-day cure); material breach (30-day cure); unauthorized transfer (30-day cure)
h. "Cause" defined – non-curable defaults	Section 16.1	Subject to applicable law, filing for bankruptcy protection, appointment of receivership, being adjudicated insolvent, general assignment for benefit of creditors, admit inability to pay debts as they become due; material impairment of the goodwill of the Marks

Provision	Section in Franchise Agreement	Summary
i. Franchisee’s obligations on termination/nonrenewal	Section 16.4	Pay outstanding amounts, de-identify (including changing telephone number), forwarding pertinent residual emails, mail, leads, etc., return manuals and confidential information to us, return proprietary files, inventory and supplies, and a complete database of all past and current customers, comply with covenant against competing with us, sell us your franchise if we exercise our right to purchase, transfer your telephone numbers and directory listings to us, professionally correspond with clients during transition.
j. Assignment of contract by franchisor	Section 15.1	We may freely assign the Franchise Agreement in our absolute discretion.
k. “Transfer” by franchisee – definition	Section 15.2	Includes direct, indirect, or contingent transfer, in whole or in part, of a 20% or greater interest in the franchised business.

l. Franchisor approval of transfer by franchisee	Sections 15.2, and 15.3	Right to withhold approval at our sole Discretion, which will not reasonably be withheld.
m. Conditions for franchisor approval of transfer	Sections 15.2, and 15.3	Transferee meets our criteria, you are current on your obligations to us, you pay a transfer/training fee, you give us notice and sign a release, and transferee signs current Franchise Agreement.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 15.6	This right is triggered by you receiving a <i>bona fide</i> written offer to purchase your franchised business and its assets.
o. Franchisor’s option to purchase franchisee’s business	Section 16.5	This option is triggered by the termination or non-renewal of your Franchise Agreement.
p. Death or disability of franchisee	Section 15.5	Your estate or representative may assign the Franchise Agreement to your spouse, or to any one or more of your adult children, on the same terms and conditions as you are permitted to assign the Franchise Agreement to a third-party transferee. This assignment should be completed within 6 months of your death or disability or your franchise may be terminated.

q. Non-competition covenants during the term of the franchise	Section 14.3	You may not engage in any business that interferes with your obligation to manage your franchised business.
r. Non-competition covenants after the franchise is terminated or expires	Section 14.1	Subject to applicable state law, no competition is allowed for 2 years within a 50-mile radius of your franchised business or of any other Set the Stage franchised business in operation at the time your agreement expires or is terminated.
s. Modification of the Franchise Agreement	Section 19.8	No modification without written agreement, but we may change the Operating Manual without your consent
t. Integration/merger clause	Section 19.12	Only terms of the Franchise Agreement (including Schedules and Addenda) are binding. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we make in the Franchise Disclosure Document. Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article XVIII	Arbitration to be held in Salt Lake County, Utah (subject to applicable state law)
v. Choice of forum	Section 19.1	Litigation in state or federal courts in Salt Lake County, Utah (subject to applicable state law)
w. Choice of law	Section 19.1	Utah law applies (subject to applicable state law) except as otherwise provided in the Franchise Agreement and except in those states whose franchise laws require exclusive application and except to the extent governed by the United States Trademark Act.

See the State Law Addendum (Exhibit J) for additional, state-specific disclosures and amendments.

**ITEM 18. PUBLIC FIGURES**

While we may use public figures to promote our franchise, we do not presently use any public figures in the sale of our franchise. You have no right to use the name of any public figure for purposes of promotional efforts, advertising, or endorsements, except with our prior written consent. No public figure has an investment in the System or in the Franchisor.

## ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC 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: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

### **Franchisor-Controlled Location**

The Franchisor had one franchise that operated during 2024, and its historical and actual annual revenues are reported here as follows:

#### Set the Stage Salt Lake Valley

Year	Gross Revenues
2023	\$489,442
2024	\$414,005

#### NOTES:

The Set the Stage Salt Lake Valley location deviates from our operational standards by making use of a full-time staging manager. Our process involves franchise owners being owner-operators and their role including the duties held by this role at the Salt Lake Valley location. As a result, if you operate according to our process, you may not experience comparable results.

It additionally departs from what your experience may be in that it operates three franchise territories/locations out of a single operation. If you acquire more or less, its results may not be representative of your experience.

### **Franchised Outlets**

During 2024, we had 4 outlets with at least 12 months of operating experience who operated throughout all of 2024 (the “Reporting Franchisees”). This excludes 19 outlets (operating in 34 territories) who did not operate for all of 2024 or who did not have at least 12 months of operating experience. Other than these, none have been excluded.

The historical financial performance of the Reporting Franchisees in 2024 is stated as follows:

Year	Average Revenue	Median Revenue	Low	High	Average # Locations
2024	\$378,349	\$243,596	\$119,932	\$906,812	1.5

These averages are derived from the following historical performance of the Reporting Franchisees in 2024, as follows:

STS - Southern Utah - \$906,812.36  
STS - Salt Lake North - \$265,258.38  
STS - Utah County - \$221,394.26  
STS - Lexington Kentucky - \$119,931.89

**Some Outlets have sold these amounts. Your individual results may differ. There is no assurance that you will sell as much.**

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

We do not make any representations about a franchisee's future financial performance or the past financial performance of franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Courtney Clark, 10446 S 1055 W, Ste 101, South Jordan, Utah 84096, 801-750-1700, the Federal Trade Commission, and the appropriate state regulatory agencies.

[Remainder of Page Intentionally Blank]

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1  
SYSTEMWIDE OUTLET SUMMARY  
AS OF DECEMBER 31, 2024, 2023, and 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
“	2023	0	5	+5
	2024	5	23	+18
Company Owned	2022	1	1	0
“	2023	1	1	0
	2024	1	1	0
Total	2022	1	1	0
“	2023	1	6	+5
	2024	6	24	+18

TABLE NO. 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN THE FRANCHISOR)  
FOR TWO YEARS ENDED DECEMBER 31, 2024, 2023, and 2022

There have been no Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years Ended December 31, 2024, 2023 or 2022

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

TABLE NO. 3  
STATUS OF FRANCHISED BUSINESSES  
FOR YEARS ENDED DECEMBER 31, 2024, 2023,  
and 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reaquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
AZ	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
CO	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
FL	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
GA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
IN	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
KY	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NC	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
NE	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

	2024	0	1	0	0	0	0	1
PA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
TN	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
TX	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
UT	2022	0	0	0	0	0	0	0
“	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Total	2022	0	0	0	0	0	0	0
“	2023	0	6	0	0	0	0	6
	2024	5	18	0	0	0	0	23

TABLE NO. 4  
STATUS OF COMPANY-OWNED BUSINESSES  
FOR YEARS ENDED DECEMBER 31, 2024,  
2023, and 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
UT	2022	1	0	0	0	0	1
“	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	1	0	0	0	0	1
“	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

TABLE NO. 5  
PROJECTED OPENINGS FROM DECEMBER 31, 2024 to DECEMBER 31, 2025

State	Franchise Agreements Signed But Business Not Yet Operational	Projected New Franchisees in the Next Fiscal Year	Projected Company-Owned Openings in Next Fiscal Year
Alabama	0	2	0
Arizona	1	2	0
Colorado	1	2	0
Florida	0	4	0
Idaho	1	0	0
Indiana	0	2	0
Massachusetts	1	0	0
New Jersey	0	2	0
Nevada	0	2	0
North Carolina	0	2	0
Ohio	0	2	0
South Carolina	0	1	0
Texas	2	4	0
Totals	6	25	0

Current and Former Franchisees

The name, address and telephone number of each franchisee under a Franchise Agreement with US or OUR affiliates is attached as Exhibit B-1.

The name, address and telephone number of every franchisee who had an Outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with US or OUR affiliates within 10 weeks of the issuance

date of this Franchise Disclosure Document is attached as Exhibit B-2.

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

### Confidentiality Provisions

Our standard Franchise Agreement, all renewal and transfer agreements, and all agreements to settle disputes with franchisees, generally contain confidentiality clauses. Thus, all our franchisees have signed a confidentiality clause with us, including during the last three years.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

### Other Organizations

There are no independent franchisee organizations that have asked to be included in this Franchise Disclosure Document.

There are no trademark-specific franchise organizations associated with the franchise system being offered which we have created, sponsored, or endorsed.

## ITEM 21. FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as Exhibit C are the Set The Stage, Inc. audited financial statements for the years ended December 31, 2024, 2023 and 2022. Additionally included is an unaudited and interim balance sheet dated April 30, 2025.

## ITEM 22. CONTRACTS

The following franchise contracts and agreements are proposed for use in connection with this franchise and are attached to and made a part of this Franchise Disclosure Document:

- D Standard Franchise Agreement
- E Standard Renewal and Release Agreement
- F Assignment to Entity Agreement
- G Preauthorized Payments Form
- H National Account Policy Agreement
- I Non-Disclosures / Non-Competition

## ITEM 23. RECEIPT

The last two pages of this Franchise Disclosure Document (Exhibit K) are a detachable Receipt document acknowledging that you received this Franchise Disclosure Document. You are required to sign each Receipt. If you are missing these Receipts, please contact us at this physical address, email, or telephone number:

Set The Stage, Inc.  
10446 S 1055 W,  
Ste 101  
South Jordan, UT 84096  
(801) 662-9117  
[courtney@wesetthestage.com](mailto:courtney@wesetthestage.com)

EXHIBIT A  
STATE FRANCHISE ADMINISTRATORS  
AND AGENTS FOR SERVICE OF PROCESS

State	State Franchise Administrator	Agent for Service of Process
California	California Department of Business Oversight 1515 K Street, Suite 200 Sacramento, California 95814-4052 916-445-7205	Commissioner California Department of Business Oversight 1515 K Street, Suite 200 Sacramento, California 95814-4052 916-445-7205
Hawaii	Commissioner of Securities Dept. of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 808-586-2722	Commissioner of Securities Dept. Of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 808-586-2722
Illinois	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 217-782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 217-782-4465
Indiana	Securities Division Secretary of State 302 West Washington, Room E-111 Indianapolis, Indiana 46204 317-232-6681	Indiana Secretary of State Securities Division 302 West Washington, Room E-111 Indianapolis, Indiana 46204 317-232-6681
Maryland	Securities Division Office of the Attorney General 200 St. Paul Place Baltimore, Maryland 21202-2020 410-576-6360	Maryland Securities Commissioner Securities Division 200 Saint Paul Place Baltimore, Maryland 21202-2020 410-576-6360

Michigan	Department of Attorney General Consumer Protection Division Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor Lansing, Michigan 48913 517-373-7117	Department of Commerce Corporation and Securities Bureau Consumer Protection Division Franchise Section G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 West Ottawa Street Lansing, Michigan 48913 517-373-7117
Minnesota	Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, Minnesota 55101 651-539-1500	Commissioner of Commerce Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, Minnesota 55101 651-539-1500
New York	Investor Protection Bureau Office of the Attorney General 28 Liberty Street, 21st Floor New York, New York 10005- 1495 212-416-8222	Secretary of State State of New York 41 State Street, 2 <sup>nd</sup> Floor Albany, New York 12231
North Dakota	Securities Department State Capital 5 <sup>th</sup> Floor 600 East Boulevard Avenue Bismarck, North Dakota 58505- 0510 701-328-4712	Securities Commissioner 600 East Boulevard Avenue State Capital 5 <sup>th</sup> Floor, Bismarck, North Dakota 58505- 0510 701-328-4712
Rhode Island	Securities Division Department of Business Regulation John O. Pastore Complex 1511 Pontiac Avenue, Bldg 69-1 Cranston, Rhode Island 02920 401-462-9500	Director of Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg 69-1 Cranston, Rhode Island 02920 401-462-9500

South Dakota	Division of Securities Department of Labor and Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 605-773-4823	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 605-773-3563
Virginia	Division of Securities and Retail Franchising State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 804-371-9051	Clerk, State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 804-371-9733
Washington	Securities Division Department of Financial Institutions PO Box 41200 Olympia, Washington 98504-1200 360-902-8760	Director of Dept. of Financial Institutions Securities Division, 3 <sup>rd</sup> Floor 150 Israel Road SW Tumwater, Washington 98501 360-902-8760
Wisconsin	Division of Securities Department of Financial Institutions 201 W. Washington Ave., Suite 300 PO Box 1768 Madison, Wisconsin 53703 608-267-9140	Commissioner of Securities 345 W. Washington Ave., 4 <sup>th</sup> Floor Madison, Wisconsin 53703 608-267-9140

If a state is not listed, we are not required to appoint an agent for service of process in that state in order to comply with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

EXHIBIT B-1

LISTING OF ALL CURRENT FRANCHISES AS OF DECEMBER 31, 2024

\* = signed, but not yet open as of such date

DBA	STS Franchise Owners	Address	City	State	Phone
Set the Stage Scottsdale Metro	Rochelle Barton	1815 W First Ave, Ste. 132 Mesa, AZ 85202	Mesa	AZ	(602) 312-6463
*Set the Stage Urban Phoenix	Julia Smirnov	1931 E Jefferson, Phoenix, AZ 85034	Phoenix	AZ	(480) 289-0199
Set The Stage Arizona North	Ann Lanzante	8360 E Pecos Dr, Prescott Valley, AZ 86314	Prescott Valley	AZ	(928) 515-4315
Set the Stage Denver Metro South	Kimberly Roth	3103 W Hampden Ave, Englewood, CO 80110	Englewood	CO	(720) 736-7360
*Set the Stage Denver Southeast	Mike & Courtney Harper	10262 Dransfeldt Rd. Unit 129 Parker, CO 80134	Parker	CO	(720) 736-7333
Set the Stage Colorado Denver Highlands	Jami Rokurou (Roku)	4765 Independence St, 102. Wheat Ridge, CO 80033	Wheat Ridge	CO	(303) 900-8899
Set the Stage Broward County	Justine Goubert, Helene Goubert, David Goubert	1320 #3A Stirling Rd. Dania Beach, FL 33004	Dania Beach	FL	(954) 666-9258, EXT 0
Set the Stage Orlando South	Ken & Christi Sterling	7131 Grand National Drive Suite 105 Orlando, FL 32819	Orlando	FL	(407) 406-3745
Set the Stage Uptown Tampa	Sheyla Wilkerson	4517 George st Ste #201 Tampa FL 33634	Tampa	FL	(656) 400-2022
Set the Stage Atlanta Buckhead Midtown	Chris Vasquez, Mike Finello	542 Courtland Street. Atlanta, GA 30308	Atlanta	GA	(678) 910-9878
Set The Stage Athens Lake Country	Sean & Sara Tintle	108 Scott Oak Drive Ste. C Eatonton, GA 31024	Eatonton	GA	(706) 750-9975

DBA	STS Franchise Owners	Address	City	State	Phone
Set The Stage The Bubble	Chad & Stacy Williams	135 Bethea Rd. Ste. 504 Fayetteville, GA 30214	Fayetteville	GA	(678) 675-7620
Set The Stage Peach City	Shayla & Philip Green	1000 Hurricane Shoals Suite C150 Lawrenceville, GA. 30043	Lawrenceville	GA	(770) 901-1920
Set The Stage Cobb Marietta	Todd Briner	1710 Cumberland Point Drive SE, Suite 20, Marietta, GA 30067	Marietta	GA	(470) 931-4291
Set the Stage Hilton Head	Andrew & Laura Wilson	5134 Augusta Rd. Savannah, GA 31408	Savannah	GA	(843) 854-4357
Set The Stage Upper Perimeter	Shawn Henry & Arlene DeLosReyes	Georgia		GA	(404) 480-9663
*Set The Stage Boise Treasure Valley	Kristopher Jenkins	5437 W Kendall St, Boise, ID 83706	Boise	ID	(208) 398-0084
Set the Stage Indianapolis NE	Ben & Kelly Buckland	12806 Ford Drive. Fishers, IN 46038	Fishers	IN	(317) 364-4410
Set the Stage Lexington	Chase & Amber Ballinger	470 Conway Court, Ste 2. Lexington, KY 40511	Lexington	KY	(859) 255-2800
*Set the Stage Boston Metro North	Greg Banks	21-D Olympia Ave. Woburn, MA 01801	Woburn	MA	(781) 750-0569
Set The Stage West Michigan	Steve & Jamie Talbot	11303 Edgewater Dr. Allendale, MI 49401	Allendale	MI	(616) 273-2773
Set The Stage Southeast Michigan	Clara Gruber	Michigan		MI	(248) 805-5381
Set The Stage Southwest Missouri	Caroline & Mark Lusk	975-C W State Hwy NN Ozark, MO 65721	Ozark	MO	(417) 340-1525
Set the Stage Western Wake County	Kara Lemire	1600 Olive Chapel Road, Unit 704 Apex, NC 27502	Apex	NC	(919) 825-1313
Set the Stage Raleigh Metro South	Laura Sudhoff	3033 Stony Brook Drive Ste. 5 Raleigh, NC 27604	Raleigh	NC	(919) 341-6017

DBA	STS Franchise Owners	Address	City	State	Phone
Set the Stage Omaha Metro	Angela & Matt Markham	4203 S 87th St, Omaha, NE 68127	Omaha	NE	(402) 915-1325
Set The Stage Columbus North	Karen & Phil Nussdorfer	7500 Green Meadows Dr. Ste 7201 Lewis Center, OH 43035	Lewis Center	OH	(614) 344-1414
Set The Stage Cin-Day Corridor	Greg & Darcy Fitch	11655 Lebanon Rd. Sharonville, Ohio 45241	Sharonville	OH	(937) 683-0505
Set The Stage Greater Tulsa	Jessica Schuffenhauer & Tim Long	10828 E Newton St. Ste.111 Tulsa, OK 74116	Tulsa	OK	(918) 312-6493
Set The Stage Main Line West Chester	Sarah Savelkoul	210 Carter Drive Unit 9, West Chester, PA 19382	Chester	PA	(610) 840-2640
Set The Stage Montco Bucks County	John & Beth Moore	2300 Campus Lane, Ste 109, East Norriton, PA 19403	Norriton	PA	(484) 339-3700
Set the Stage Pittsburgh 3 Rivers	Jim & Roberta Schwarzbach	423 Route 228, Valencia, PA 16059	Valencia	PA	(724) 719-8088
Set The Stage Grand Strand	Brianne McAnelly	200 Horsetail Moss Court, Myrtle Beach, SC 29588	Myrtle Beach	SC	(843) 400-3021
Set The Stage Bluff City East	Janel Taueg	2175 Business Center Dr. Ste. 8 Memphis, TN 38134	Memphis	TN	(901) 799-8504
Set the Stage Middle Tennessee	Stu & Amanda Schmidt	185 Creasman Drive, Winchester, TN 37388	Winchester	TN	(615) 239-6484
Set the Stage North Central Austin	Celyna & Kenton Peterson	12112 Roxie Dr. Ste.E Austin, TX 78729	Austin	TX	(512) 596-5900
Set the Stage Dallas Metro	Andre Hamilton & Whitney Bessler	10920 Switzer Ave. Ste 108 Dallas, TX 75238	Dallas	TX	(214) 500-8125
Set The Stage McKinney Frisco	Jessica Epperson	1951 University Business Dr. STE 602 McKinney, TX 75071	McKinney	TX	(469) 820-4950
Set the Stage San Antonio North	Faith & Niel Brown	11009 Osgood Dr, San Antonio, TX 78233	San Antonio	TX	(210) 245-9709
*Set The Stage The Woodlands	Rocky & Lindsey Whitely	22131 Rothwood Rd. STE 517 Spring, TX 77389	Spring	TX	(936) 299-4344

DBA	STS Franchise Owners	Address	City	State	Phone
*Set the Stage Heart of Texas	Mick & Stephanie Murray	7524 Bosque Blvd., Ste C Waco, TX 76710	Waco	TX	(254) 300-9688
Set the Stage Utah County	Heather Nielsen, Shelly Morrison	1349 S 500 E, Ste 206. American Fork, Utah 84003	American Fork	UT	(801) 782-4464
Set the Stage Salt Lake Valley	Courtney Clark, Lisa Wheat	14550 S Center Point Way Bluffdale UT 84065	Bluffdale	UT	(801) 750-1500
Set the Stage Southern Utah	Ryan & Geneve York & Spencer & Andrea Smith	174 Old Hwy 91, Ste 13. Hurricane, UT 84737	Hurricane	UT	(435) 767-1333
Set the Stage Salt Lake North	Danielle Nielson, Bryan & Stephanie Brunatti	2698 S Redwood Road #N. West Valley City, Utah 84119	West Valley City	UT	(801) 414-0001

EXHIBIT B-2  
LISTING OF ALL FRANCHISES CEASING OPERATIONS DURING THE FISCAL YEAR ENDED  
DECEMBER 31, 2024

Franchisor has not had any Franchises ceasing operations.

**SET THE STAGE, INC.**  
**Financial Statements**  
**December 31, 2024 and 2023**  
**with Independent Auditor's Report**

***Traveller &***  

---

***Company, LLC***  
*Certified Public Accountants*  
*500 N. Marketplace Drive, Suite 202*  
*Centerville, Utah 84014*

Set the Stage, Inc.  
Financial Statements  
December 31, 2024 and 2023

Contents

Independent Auditor’s Report .....	1
Financial Statements:	
Balance Sheets – Cash Basis .....	3
Statements of Operations – Cash Basis .....	4
Statements of Owners’ Equity (Deficit) – Cash Basis .....	5
Statements of Cash Flows – Cash Basis .....	6
Notes to Financial Statements .....	7

## **Independent Auditor's Report**

To the Management of  
Set the Stage, Inc.

### **Opinion**

We have audited the accompanying financial statements of Set the Stage, Inc. (a Utah corporation), which comprise the balance sheets – cash basis as of December 31, 2024 and 2023, and the related statements of operations – cash basis, owners' equity (deficit) – cash basis, and cash flows – cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Set the Stage, Inc. (the "Company") as of December 31, 2024 and 2023, and the results of its operations, owners' equity/(deficit) and its cash flows for the years then ended in accordance with the cash basis of accounting as described in Note 1.

### **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.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.



Centerville, UT  
March 21, 2025

Set the Stage, Inc.  
Balance Sheets - Cash Basis  
December 31, 2024 and 2023

	2024	2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 838,820	\$ 41,737
Other current assets	1,625	1,624
	840,445	43,361
Total current assets		
Property and equipment, net	15,138	32,475
	\$ 855,583	\$ 75,836
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 3,391	\$ 3,292
Related party payables	106,007	196,700
	109,398	199,992
Total current liabilities		
Notes payable	3,892	7,567
	113,290	207,559
Total liabilities		
Shareholders' equity:		
Shareholders' draws	(65,193)	(55,000)
Shareholders' contributions	86,727	88,469
Retained deficit	720,759	(165,192)
	742,293	(131,723)
Total shareholders' equity (deficit)		
<b>Total liabilities and shareholders' equity</b>	\$ 855,583	\$ 75,836

See accompanying notes to financial statements.

Set the Stage, Inc.  
Statements of Operations - Cash Basis  
For the years ended December 31, 2024 and 2023

	2024	2023
Income:		
Franchise fees	\$ 474,720	\$ 197,917
Royalties	99,067	15,461
Startup package income	2,079,644	389,583
Opening support fees	208,283	10,000
Other franchise income	30,548	—
	2,892,262	612,961
Cost of sales	1,580,081	327,572
	1,312,181	285,389
Operating Expenses:		
General and administrative expenses	493,865	330,994
Advertising and marketing	33,055	32,460
Depreciation and amortization	20,162	3,434
	547,082	366,888
Income (loss) from operations	765,099	(81,499)
Other income (expense):		
Interest, net	(896)	(2,363)
Net loss	764,203	(83,862)

See accompanying notes to financial statements.

Set the Stage, Inc.  
 Statements of Shareholders' Equity (Deficit) - Cash Basis  
 For the years ended December 31, 2024 and 2023

	Shareholders' Contributions/ (Draws)	Retained Earnings (Deficit)	Total Sharholders' Equity (Deficit)
<b>Balance at December 31, 2022</b>	\$ 65,726	\$ (65,540)	\$ 186
Shareholders' contributions/(draws)	(39,000)	—	(39,000)
Adjustments to RE	6,743	(15,790)	(9,047)
Net loss	—	(83,862)	(83,862)
<b>Balance at December 31, 2023</b>	<b>33,469</b>	<b>(165,192)</b>	<b>(131,723)</b>
Shareholders' contributions/(draws)	(11,935)	—	(11,935)
Adjustments to RE	—	121,748	121,748
Net loss	—	764,203	764,203
<b>Balance at December 31, 2024</b>	<b>\$ 21,534</b>	<b>\$ 720,759</b>	<b>\$ 742,293</b>

See accompanying notes to financial statements.

Set the Stage, Inc.  
Statements of Cash Flows - Cash Basis  
For the years ended December 31, 2024 and 2023

	2024	2023
<b>Operating activities</b>		
Net income (loss)	\$ 764,203	\$ (83,862)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	20,162	3,434
Changes in assets and liabilities		
Other assets	(1)	(1,624)
Net cash provided by (used in) operating activities	784,364	(82,052)
<b>Investing activities</b>		
Purchase of assets	(2,825)	(22,939)
Net cash used in investing activities	(2,825)	(22,939)
<b>Financing activities</b>		
Proceeds from new debt	—	—
Loan repayments	(3,576)	(3,210)
Advances from related parties	(90,693)	102,227
Members' contributions/(distributions)	109,813	(48,047)
Net cash provided by financing activities	15,544	50,970
Net increase (decrease) in cash and cash equivalents	797,083	(54,021)
Cash and cash equivalents, at beginning of year	41,737	95,758
Cash and cash equivalents, at end of year	\$ 838,820	\$ 41,737
<b>Supplemental disclosures of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 896	\$ 2,363

See accompanying notes to financial statements.

Set the Stage, Inc.  
Notes to Financial Statements  
December 31, 2024 and 2023

## 1. Organization and Significant Accounting Policies

### Organization and Business Description

Set the Stage, Inc., (a Utah Corporation) (the “Company”) formed in 2021 was created to offer franchises to qualified individuals and entities to operate a staging and furniture sales and rental business. The Company is wholly-owned by its parent company, The Key Design, LLC, a Utah limited liability company.

### Revenue Recognition

The Company collects an initial non-refundable franchise fee, payable when the franchise agreement is signed. The fee covers costs associated with the Company’s sales experience and other administrative overhead and start-up costs related to the opening of the franchise. The Company collects an additional Starter Package and Grand Opening fee related to a startup program including training, five complete furnishing packages, staging supplies, signage and brand team items, and in-person meetings in each prospective franchise area.

The Company also provides consulting services, additional employee training and support services, and other services on an as-needed basis.

The Company also receives other recurring income as follows:

- Royalty income equal to 6% of Gross Revenues, subject to required minimum royalties.
- Advertising & Promotion Income up to 2% of Gross Revenues.
- Technology Fee income at a fixed monthly rate.

Revenue is recorded when cash is received.

### Cash and Cash Equivalents

The Company considers all liquid debt instruments with original maturities of three months or less to be cash equivalents.

### Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the Modified Accelerated Cost Recovery System (MACRS) to match tax depreciation. Upon the disposal of assets subject to depreciation, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in operations. Maintenance and repair costs are expensed as incurred and expenditures for additions, renewals, and betterments are capitalized.

Set the Stage, Inc.  
Notes to Financial Statements

**1. Organization and Significant Accounting Policies (continued)**

**Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Basis of Accounting**

The Company has prepared the financial statements using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

**Concentrations of Credit Risk**

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Subsequent Events**

Management of the Company has evaluated any subsequent events that may require disclosure in these financial statements through March 21, 2025, the date of financial statement issuance.

**2. Property and Equipment**

Property and equipment consisted of the following at December 31:

	2024	2023
Vehicles	\$ 16,212	\$ 16,212
Leasehold improvements	25,764	22,939
	41,976	39,151
Less accumulated depreciation	(26,838)	(6,676)
Net property and equipment	\$ 15,138	\$ 32,475

Depreciation expense for the years ended December 31, 2024 and 2023 was \$20,162 and \$3,434, respectively.

Set the Stage, Inc.  
Notes to Financial Statements

**3. Notes Payable**

Notes payable was \$7,283 as of December 31, 2024, consisting of one note with a financial institution with a maturity date of February 2027, interest at 2.99% and monthly principal and interest payments of \$298. The note is secured by a company asset with a net book value which approximates the loan balance. The current portion of the note at December 31, 2024 was \$3,392.

Future minimum principal payments remaining are as follows:

<u>Year ending December 31:</u>	
2025	\$ 3,391
2026	3,494
2027	398
	<u>\$ 7,283</u>

**4. Related Party Transactions**

The Company is wholly-owned by its parent company, The Key Design, LLC (“Parent”), which also owns and operates Set the Stage, Salt Lake Valley (“STS SLV”). Both entities are considered related parties. Intercompany payable balances due to the Parent of \$9,886 and \$8,836 and due to STS SLV of \$96,121 and \$187,864 have been recorded as of December 31, 2024 and 2023, respectively.

**SET THE STAGE, INC.**  
**Financial Statements**  
**December 31, 2023 and 2022**  
**with Independent Auditor's Report**

***Traveller &***  

---

***Company, LLC***  
*Certified Public Accountants*  
*500 N. Marketplace Drive, Suite 270*  
*Centerville, Utah 84014*

Set the Stage, Inc.  
Combined Financial Statements  
December 31, 2023 and 2022

Contents

Independent Auditor's Report .....	1
Cash Basis Financial Statements:	
Balance Sheets .....	3
Statements of Operations .....	4
Statements of Owners' Equity (Deficit) .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7

## **Traveller & Company LLC**

*Certified Public Accountants*



500 North Marketplace Drive, Suite 270

Centerville, Utah 84014

Phone (801) 299-1302

Fax (801) 401-7985

### **Independent Auditor's Report**

To the Management of:  
Set the Stage, Inc.

#### **Opinion**

We have audited the accompanying financial statements of Set the Stage, Inc. (a Utah corporation), which comprise the balance sheets – cash basis as of December 31, 2023 and 2022, and the related statements of operations – cash basis, owners' equity (deficit) – cash basis, and cash flows – cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Set the Stage, Inc. (the "Company") as of December 31, 2023 and 2022, and the results of its operations, owners' equity/(deficit) and its cash flows for the years then ended in accordance with the cash basis of accounting as described in Note 1.

#### **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.

#### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

*Traveller & Company, LLC*

Centerville, UT  
April 15, 2024

**Set the Stage, Inc.**  
**Balance Sheets**  
**December 31, 2023 and 2022**

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 41,737	\$ 95,758
Other current assets	1,624	—
	43,361	95,758
Property and equipment, net	32,475	12,970
	\$ 75,836	\$ 108,728
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 3,292	\$ 3,195
Related party payables	196,700	94,473
	199,992	97,668
Notes payable	7,567	10,874
	207,559	108,542
Shareholders' equity:		
Shareholders' draws	(55,000)	(16,000)
Shareholders' contributions	88,469	81,726
Retained deficit	(165,192)	(65,540)
	(131,723)	186
<b>Total liabilities and shareholders' equity</b>	\$ 75,836	\$ 108,728

See accompanying notes to financial statements.

**Set the Stage, Inc.**  
**Statements of Operations**  
For the years ended December 31, 2023 and 2022

	2023	2022
Income:		
Franchise fees	\$ 197,917	\$ 35,000
Royalties	15,461	—
Startup package income	389,583	85,000
Opening support fees	10,000	—
Total income	612,961	120,000
Cost of sales	327,572	8,276
Gross profit	285,389	111,724
Operating Expenses:		
General and administrative expenses	334,428	152,232
Advertising and marketing	32,460	22,630
Total operating expenses	366,888	174,862
Loss from operations	(81,499)	(63,138)
Other income (expense):		
Other income	—	1,425
Interest, net	(2,363)	(1,901)
Net loss	(83,862)	(63,614)

See accompanying notes to financial statements.

**Set the Stage, Inc.**  
**Statements of Shareholders' Equity/(Defecit)**  
**For the years ended December 31, 2023 and 2022**

	Shareholders' Contributions/ (Draws)	Retained Earnings/ (Defecit)	Total Sharholders' Equity /(Defecit)
<b>Balance at December 31, 2021</b>	\$ (66,800)	\$ 115,693	\$ 48,893
Shareholders' contributions/(draws)	132,526	—	132,526
Adjustments to RE	—	(117,619)	(117,619)
Net loss	—	(63,614)	(63,614)
<b>Balance at December 31, 2022</b>	<b>65,726</b>	<b>(65,540)</b>	<b>186</b>
Shareholders' contributions/(draws)	(48,047)	—	(48,047)
Net loss	—	(83,862)	(83,862)
<b>Balance at December 31, 2023</b>	<b>\$ 17,679</b>	<b>\$ (149,402)</b>	<b>\$ (131,723)</b>

See accompanying notes to financial statements.

**Set the Stage, Inc.**  
**Statements of Cash Flows**  
For the years ended December 31, 2023 and 2022

	2023	2022
<b>Operating activities</b>		
Net loss	\$ (83,862)	\$ (63,614)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,434	3,242
Changes in assets and liabilities		
Other assets	(1,624)	—
Net cash used in operating activities	(82,052)	(60,372)
<b>Investing activities</b>		
Purchase of assets	(22,939)	(16,212)
Net cash used in investing activities	(22,939)	(16,212)
<b>Financing activities</b>		
Proceeds from new debt	—	16,556
Loan repayments	(3,210)	(2,487)
Advances from related parties	102,227	143,366
Members' contributions/(distributions)	(48,047)	14,907
Net cash provided by financing activities	50,970	172,342
Net increase (decrease) in cash and cash equivalents	(54,021)	95,758
Cash and cash equivalents, at beginning of year	95,758	—
Cash and cash equivalents, at end of year	\$ 41,737	\$ 95,758
<b>Supplemental disclosures of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 2,363	\$ 1,901

See accompanying notes to financial statements.

**Set the Stage, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**1. Organization and Summary of Significant Accounting Policies**

**Organization and Business Description**

Set the Stage, Inc., (a Utah Corporation) (the “Company”) formed in 2021 was created to offer franchises to qualified individuals and entities to operate a staging and furniture sales and rental business. The Company is wholly-owned by its parent company, The Key Design, LLC, a Utah limited liability company.

**Revenue Recognition**

The Company collects an initial non-refundable franchise fee, payable when the franchise agreement is signed. The fee covers costs associated with the Company’s sales experience and other administrative overhead and start-up costs related to the opening of the franchise. The Company collects an additional Starter Package and Grand Opening fee related to a startup program including training, five complete furnishing packages, staging supplies, signage and brand team items, and in-person meetings in each prospective franchise area.

The Company also provides consulting services, additional employee training and support services, and other services on an as-needed basis.

The Company also receives other recurring income as follows:

- Royalty income equal to 6% of Gross Revenues, subject to required minimum royalties.
- Advertising & Promotion Income up to 2% of Gross Revenues.
- Technology Fee income at a fixed monthly rate.

Revenue is recorded when cash is received.

**Cash and Cash Equivalents**

The Company considers all liquid debt instruments with original maturities of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed using the Modified Accelerated Cost Recovery System (MACRS) to match tax depreciation. Upon the disposal of assets subject to depreciation, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in operations. Maintenance and repair costs are expensed as incurred and expenditures for additions, renewals, and betterments are capitalized.

**Set the Stage, Inc.**  
**Notes to Financial Statements**

**1. Organization and Summary of Significant Accounting Policies  
(continued)**

**Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Basis of Accounting**

The Company has prepared the financial statements using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

**Concentrations of Credit Risk**

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Subsequent Events**

Management of the Company has evaluated any subsequent events that may require disclosure in these financial statements through April 15, 2024, the date of financial statement issuance.

**2. Property and Equipment**

Property and equipment consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Vehicles	\$ 16,212	\$ 16,212
Leasehold improvements	<u>22,939</u>	<u>—</u>
	39,151	16,212
Less accumulated depreciation	<u>(6,676)</u>	<u>(3,242)</u>
Net property and equipment	<u>\$ 32,475</u>	<u>\$ 12,970</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$3,434 and \$3,242, respectively.

**Set the Stage, Inc.**  
**Notes to Financial Statements**

**3. Notes Payable**

Notes payable was \$10,859 as of December 31, 2023, consisting of one note with a financial institution with a maturity date of February 2027, interest at 2.99% and monthly principal and interest payments of \$298. The note is secured by a company asset with a net book value which approximates the loan balance. The current portion of the note at December 31, 2023 was \$3,292.

Future minimum principal payments remaining are as follows:

<u>Year ending December 31:</u>	
2024	\$ 3,292
2025	3,392
2026	3,494
2027	681
	<u>\$ 10,859</u>

**4. Related Party Transactions**

The Company is wholly-owned by its parent company, The Key Design, LLC ("Parent"), which also owns and operates Set the Stage, Salt Lake Valley ("STS SLV"). Both entities are considered related parties. Intercompany payable balances due to the Parent of \$8,836 and \$10,936 and due to STS SLV of \$187,864 and \$83,537 have been recorded as of December 31, 2023 and 2022, respectively.

<b>Set the Stage Inc</b>	
<b>Balance Sheet</b>	
<b>As of July 31, 2024</b>	
	<b>Total</b>
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Alta Bank Checking 1135	760,247.06
<b>Total Bank Accounts</b>	<b>\$ 760,247.06</b>
Accounts Receivable	
Accounts Receivable (A/R)	173,976.65
<b>Total Accounts Receivable</b>	<b>\$ 173,976.65</b>
Other Current Assets	
Employee cash advances	98.91
Payments to deposit	269.00
<b>Total Other Current Assets</b>	<b>\$ 367.91</b>
<b>Total Current Assets</b>	<b>\$ 934,591.62</b>
Fixed Assets	
2016 Dodge RAM 1500	16,211.84
Accumulated depreciation	-6,675.90
Leasehold Improvements	25,763.86
<b>Total Fixed Assets</b>	<b>\$ 35,299.80</b>
Other Assets	
Security deposits	1,625.00
<b>Total Other Assets</b>	<b>\$ 1,625.00</b>
<b>TOTAL ASSETS</b>	<b>\$ 971,516.42</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	3,385.00
<b>Total Accounts Payable</b>	<b>\$ 3,385.00</b>
Credit Cards	
AMEX Delta Skymiles 1003	999.15
AMEX Skymiles 1000	5,813.17
Divvy Credit Card	48,791.35
<b>Total Credit Cards</b>	<b>\$ 55,603.67</b>
Other Current Liabilities	
2016 Dodge Ram 1500 Loan Payable	8,773.33
Set the Stage SLV Intercompany Payable	111,760.25
The Key Design Intercompany Payable	9,886.02
<b>Total Other Current Liabilities</b>	<b>\$ 130,419.60</b>
<b>Total Current Liabilities</b>	<b>\$ 189,408.27</b>
<b>Total Liabilities</b>	<b>\$ 189,408.27</b>
Equity	
Courtney Clark Owner's Draw	-20,480.33

NOTE: The Balance Sheet on this page is an interim financial statement provided by the Franchisor but is not audited. This Financial Statement Has Been Prepared without an Audit. Prospective franchisees or sellers of franchises should be advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

**SET THE STAGE, INC.**  
**Financial Statements**

**December 31, 2022 and 2021**  
**with Independent Auditor's Report**

***Traveller &***  

---

***Company, LLC***  
*Certified Public Accountants*  
*500 N. Marketplace Drive, Suite 270*  
*Centerville, Utah 84014*

Set the Stage, Inc.  
Combined Financial Statements  
December 31, 2022 and 2021

Contents

Independent Auditor’s Report .....	1
Financial Statements:	
Balance Sheets.....	3
Statements of Operations.....	4
Statements of Owners’ Equity.....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7

**Traveller & Company LLC**

*Certified Public Accountants*



500 North Marketplace Drive, Suite 270

Centerville, Utah 84014

Phone (801) 299-1302

Fax (801) 401-7985

## **Independent Auditor's Report**

To the Management of:  
Set the Stage, Inc.

### **Opinion**

We have audited the accompanying financial statements of Set the Stage, Inc. (a Utah corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, owners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Set the Stage, Inc. (the "Company") as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial 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 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.



Traveller & Company LLC  
March 30, 2023

Set the Stage, Inc.  
Balance Sheets  
December 31, 2022 and 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 95,758	\$ —
Related party receivables	—	48,893
Total current assets	95,758	48,893
Property and equipment, net	12,970	—
<b>Total assets</b>	<b>\$ 108,728</b>	<b>\$ 48,893</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 3,195	\$ —
Related party payables	94,473	—
Total current liabilities	97,668	—
Notes payable	10,874	—
Lease liability - Non-current	—	—
Total liabilities	108,542	0
Shareholders' equity:		
Shareholders' draws	(16,000)	(66,800)
Shareholders' contributions	81,726	—
Retained earnings/(deficits)	(65,540)	115,693
Total shareholders' equity	186	48,893
<b>Total liabilities and shareholders' equity</b>	<b>\$ 108,728</b>	<b>\$ 48,893</b>

See accompanying notes to financial statements.

Set the Stage, Inc.  
Statements of Operations  
For the years ended December 31, 2022 and 2021

	2022	2021
Income:		
Franchise fees	\$ 35,000	\$ —
Franchise buildout fees	85,000	—
Total income	120,000	—
Cost of sales	8,276	—
Gross profit	111,724	
Operating Expenses:		
General and administrative expenses	152,232	49,636
Advertising and marketing	22,630	26,045
Total operating expenses	174,862	75,681
Loss from operations	(63,138)	(75,681)
Other income (expense):		
Other income	1,425	
Interest, net	(1,901)	—
Net loss	(63,614)	(75,681)

See accompanying notes to financial statements.

Set the Stage, Inc.  
 Statements of Shareholders' Equity  
 For the years ended December 31, 2022 and 2021

	<b>Shareholders' Contributions/ (Draws)</b>	<b>Retained Earnings</b>	<b>Total Shareholders' Equity</b>
<b>Balance at August 15, 2021</b>	<b>\$ (14,800)</b>	<b>\$ 232,767</b>	<b>\$ 217,967</b>
Shareholders' contributions/(draws)	(52,000)	—	(52,000)
Adjustments to RE	—	(41,393)	(41,393)
Net loss	—	(75,681)	(75,681)
<b>Balance at December 31, 2021</b>	<b>(66,800)</b>	<b>115,693</b>	<b>48,893</b>
Shareholders' contributions/(draws)	132,526	—	132,526
Adjustments to RE	—	(117,619)	(117,619)
Net loss	—	(63,614)	(63,614)
<b>Balance at December 31, 2022</b>	<b>\$ 65,726</b>	<b>\$ (65,540)</b>	<b>\$ 186</b>

See accompanying notes to financial statements.

Set the Stage, Inc.  
Statements of Cash Flows  
For the years ended December 31, 2022 and 2021

	2022	2021
<b>Operating activities</b>		
Net loss	\$ (63,614)	\$ (75,681)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,242	—
Net cash provided by (used in) operating activities	(60,372)	(75,681)
<b>Investing activities</b>		
Purchase of assets	(16,212)	—
Net cash provided by (used in) investing activities	(16,212)	—
<b>Financing activities</b>		
Proceeds from new debt	16,556	—
Loan repayments	(2,487)	—
Advances (to)/from related parties	143,366	(90,286)
Members' contributions/(distributions)	14,907	(52,000)
Net cash provided by (used in) financing activities	172,342	(142,286)
Net increase (decrease) in cash and cash equivalents	95,758	(217,967)
Cash and cash equivalents, at beginning of year	—	217,967
Cash and cash equivalents, at end of year	\$ 95,758	\$ —
<b>Supplemental disclosures of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 1,901	\$ —

See accompanying notes to financial statements.

Set the Stage, Inc.  
Notes to Financial Statements  
December 31, 2022 and 2021

## 1. Organization and Accounting Policies

### Organization and Business Description

Set the Stage, Inc., (a Utah Corporation) (the “Company”) formed in 2021 was created to offer franchises to qualified individuals and entities to operate a staging and furniture sales and rental business. The Company is wholly-owned by its parent company, The Key Design, LLC, a Utah limited liability company.

### Revenue Recognition

The Company collects an initial non-refundable franchise fee, payable when the franchise agreement is signed. The fee covers costs associated with the Company’s sales experience and other administrative overhead and start-up costs related to the opening of the franchise. The Company collects an additional Starter Package and Grand Opening fee related to a startup program including training, five complete furnishing packages, staging supplies, signage and brand team items, and in-person meetings in each prospective franchise area.

The Company also provides consulting services, additional employee training and support services, and other services on an as-needed basis.

The Company also receives other recurring income as follows:

- Royalty income equal to 6% of Gross Revenues, subject to required minimum royalties.
- Advertising & Promotion Income up to 2% of Gross Revenues.
- Technology Fee income at a fixed monthly rate.

Revenue is recorded when cash is received.

### Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. The Company adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Company signed a lease agreement for the use of studio space that terminated December 2019, and has been paying rent of \$1,100 on a month-to-month basis since that time. Under ASC 842, there are no additional disclosure requirements the Company is required to make as of December 31, 2022.

Set the Stage, Inc.  
Notes to Financial Statements

## **2. Summary of Significant Accounting Policies**

The following is a summary of certain significant accounting policies followed in the preparation of these financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity.

### **Cash and Cash Equivalents**

The Company considers all liquid debt instruments with original maturities of three months or less to be cash equivalents.

### **Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed using the Modified Accelerated Cost Recovery System (MACRS) to match tax depreciation. Upon the disposal of assets subject to depreciation, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in operations. Maintenance and repair costs are expensed as incurred and expenditures for additions, renewals, and betterments are capitalized.

### **Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

### **Basis of Accounting**

The Company has prepared the financial statements using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

### **Concentrations of Credit Risk**

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Set the Stage, Inc.**  
Notes to Financial Statements

**2. Summary of Significant Accounting Policies (continued)**

**Commitments and Contingencies**

Management of the Company has adjusted its operations during the COVID-19 outbreak (the “pandemic”) to meet changing market conditions throughout 2021. However, the impact of the pandemic continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial condition, liquidity, and future results of operations. Management is actively monitoring the pandemic’s effect on its financial condition, liquidity, operations, suppliers, industry, and workforce and strives to adjust its operations in response to those changes. Given the daily evolution of the pandemic and the global responses to curb its spread, the Company is not able to estimate the full impact of the pandemic on its results of operations, financial condition, or liquidity during 2022.

**Subsequent Events**

Management of the Company has evaluated any subsequent events that may require disclosure in these financial statements through March 30, 2023, the date of financial statement issuance.

**3. Property and Equipment**

Property and equipment consisting of one vehicle purchased for business use was \$12,970, net of accumulated depreciation of \$(3,242) at December 31, 2022. The Company had no assets subject to depreciation at December 31, 2021.

Depreciation expense for the years ended December 31, 2022 and 2021 was \$3,242 and \$0, respectively.

**4. Notes Payable**

Notes payable were \$14,069 at December 31, 2022 consisting of one note with America First Credit Union with a maturity date of February 2027, interest at 2.99% and monthly principal and interest payments of \$298. The note is secured by a company asset with a net book value of \$12,970. The current portion of the note at December 31, 2022 was \$3,195.

Set the Stage, Inc.  
Notes to Financial Statements

**4. Notes Payable (continued)**

Future minimum principal payments remaining are as follows:

<u>Year ending December 31:</u>	
2023	\$ 3,195
2024	3,292
2025	3,392
2026	3,495
2027	795
	<u>\$ 14,169</u>

**5. Related Party Transactions**

The Company is wholly-owned by its parent company, The Key Design, LLC (“Parent”), which also owns and operates Set the Stage, Salt Lake Valley (“STS SLV”). Both entities are considered related parties. Intercompany payable balances due to the Parent of \$10,936 and due to STS SLV of \$83,537 have been recorded as of December 31, 2022. An intercompany receivable balance due from the Parent of \$48,893 has been recorded as of December 31, 2021.

SET THE STAGE®  
FRANCHISE AGREEMENT

between

SET THE STAGE, INC.  
“Franchisor”

and

---

“Franchisee”

## TABLE OF CONTENTS

<u>Article No</u>		<u>Page Description No.</u>
1.	ACKNOWLEDGMENTS .....	-2-
2.	DEFINITIONS .....	-4-
3.	ESTABLISHMENT OF FRANCHISE .....	-6-
4.	INITIAL FRANCHISE FEE AND FRANCHISE ROYALTY .....	-7-
5.	TERM AND RENEWAL.....	-10-
6.	COMMENCEMENT OF BUSINESS.....	-10-
7.	OBLIGATIONS OF FRANCHISOR.....	-11-
8.	OBLIGATIONS OF FRANCHISEE.....	-13-
9.	SYSTEM STANDARDS AND SERVICES .....	-15-
10.	INSURANCE AND INDEMNIFICATION.....	-18-
11.	PROPRIETARY INFORMATION.....	-20-
12.	ADVERTISING AND PROMOTION .....	-22-
13.	REPORTS AND RECORDS.....	-23-
14.	RESTRICTIVE COVENANTS .....	-25-
15.	ASSIGNMENT, TRANSFER, AND ENCUMBRANCE.....	-26-
16.	BREACH AND TERMINATION.....	-29-
17.	FRANCHISEE’S RIGHTS AND OBLIGATIONS ON TERMINATION OR EXPIRATION .	-32-
18.	ARBITRATION .....	-34-
19.	GENERAL PROVISIONS .....	-35-

SET THE STAGE, INC.  
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into as of \_\_\_\_\_ (the "Effective Date"), by and between SET THE STAGE, INC. (the "Franchisor") , a Utah corporation with its principal place of business at 10446 S 1055 W, Ste 101, South Jordan, Utah 84096; and \_\_\_\_\_, an individual with an address at \_\_\_\_\_ and \_\_\_\_\_, an individual with an address at \_\_\_\_\_ (being referred to individually and collectively as the "Franchisee").

WITNESSETH:

- A. Set the Stage, Inc. (the "Franchisor"), a Utah corporation, is engaged in the business of developing, operating, and franchising in various states a unique kind of Franchised Business (as defined below) for a home staging and furnishings business that offers a variety of services and products to assist in the marketing of homes and selling of furnishings. System Standards for the Franchised Business have been established by the Franchisor which are original and unique.
- B. Franchisor has developed and owns a unique System (as defined below) for the operation of the Outlet.
- C. Franchisor has developed and has rights to the Names and Marks (as defined below) used for the Outlets and licenses the use of said Names and Marks in connection with the franchising of the Outlets and the System.
- D. Franchisor has established a high reputation with the public as to the quality of services and high standards in connection with the operation of a Franchised Business using the System under the Names and Marks. This high reputation and goodwill have been and continue to be a unique benefit to Franchisor and its franchisees and this has created and is creating a demand for services provided by a Franchised Business using the System under the Names and Marks.
- E. Franchisee is desirous of acquiring the right, franchise, and sub-license to operate an Outlet using the System under the Names and Marks within the Operating Territory (as defined in Section 3.1). Franchisor is ready and willing to grant such a right, franchise, and sub-license to Franchisee upon the terms and subject to the conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE in consideration of the terms, conditions and covenants contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, it is understood and agreed by and among the parties hereto as follows:

1. **ACKNOWLEDGMENTS.** Franchisee acknowledges that Franchisee has:

1.1. Received a copy of Franchisor's complete Franchise Disclosure Document required by the Federal Trade Commission and the governing authorities of the state in which the Operating Territory will be located at least 14 calendar days (or such greater period as may be required by the state in which the Franchise is sold) prior to the date on which Franchisee executed this Agreement

or any related agreement or paid any consideration to Franchisor or Franchisor's affiliate in connection with the franchise sale.

1.2. Read and understood this Agreement, and all related agreements, and has before signing this Agreement;

(a) Been accorded ample time and opportunity to consult with advisers of Franchisee's own choosing before signing this Agreement;

(b) Either received this Agreement containing all substantive terms at the time of delivery of the Franchise Disclosure Document, or, if Franchisor unilaterally changed or modified any of the terms or conditions of Franchisor's standard franchise agreement attached to Franchisor's Franchise Disclosure Document, then Franchisee received a copy of this Agreement and its exhibits in complete and final form at least 7 days before signing it;

(c) Received no representations, promises, guarantees, projections, or warranties of any kind from Franchisor to induce the execution of this Agreement or related to this Agreement except as specifically set forth in writing in this Agreement or the Franchise Disclosure Document; and

(d) Received no guarantee from Franchisor or any other party as to Franchisee's success in the Franchised Business; nor that the demographics or other metrics pertaining to the Operating Territory were an indicator or predictor of future success.

1.3. Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement; that they are necessary to maintain Franchisor's high standards of quality, service and uniformity at all Franchised Businesses; that they protect and preserve the goodwill of Franchisor's Names and Marks and the confidentiality and value of Franchisor's System.

1.4. The success of Franchisee's Franchised Business is speculative and depends, to a large extent, upon Franchisee's ability as an independent businessperson. Franchisee recognizes that the business venture contemplated by this Agreement involves business risks. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the Franchisee's Franchised Business.

1.5. Franchisee acknowledges that Franchisee has entered this Agreement after conducting an independent investigation of Franchisor and of the Franchised Business. Franchisee has not relied upon any representation as to gross revenues, volume, cost savings, potential earnings or profits which Franchisee in particular might realize. Except as outlined in Item 19 of Franchisor's Franchise Disclosure Document, Franchisor expressly disclaims the making of, and Franchisee acknowledges that Franchisee have not received, any representation, warranty, or guarantee, express or implied, concerning the potential revenues, cost savings, volume, profits, or success of the business venture contemplated by this Agreement. Franchisee acknowledges that neither Franchisor, nor any of Franchisor's officers, directors, shareholders, employees, agents or servants, made any other representation about the Franchised Business contemplated by this Agreement or that are not expressly set forth in this Agreement or Franchisor's Franchise Disclosure Document to induce Franchisee to accept the Franchised Business and execute this Agreement. Any oral representations made by Franchisor's representatives to Franchisee, whether

or not set forth in earlier versions of Franchisor's standard form franchise agreement, have either been ratified by Franchisor by including the representations in this document or have been disavowed by excluding them from this Agreement.

1.6. Prior to Franchisee's execution of this Agreement, Franchisor has not given Franchisee any advice or reviewed any of Franchisee's business plans or third-party loan applications related to Franchisee's purchase of and proposed operation of the Franchised Business. Franchisor does not receive or review business plans or loan applications before a Franchisee signs the relevant Franchise Agreement. Franchisor has strongly recommended that Franchisee retain and work with Franchisee's own independent accountant, attorneys, and financial advisors to fully review all financial aspects of Franchisee's potential franchise investment. Franchisee acknowledges that Franchisor will not provide financial assistance to Franchisee and that Franchisor has made no representation that Franchisor will buy back from Franchisee any products, supplies, or equipment Franchisee purchases in connection with Franchisee's Franchised Business.

1.7. Franchisee acknowledges that Franchisor will not provide or designate locations for Franchisee. Franchisee has investigated the potential of the market area in which Franchisee is to establish and operate Franchisee's Franchised Business and the laws and regulations applicable thereto. Franchisee agrees and represents that the market area is reasonable, and the Franchise Fee represents fair consideration for the opportunity to establish and operate a Franchised Business.

1.8. Franchisee acknowledges that a Franchised Business involves hard work and sometimes long hours, similar to most small businesses that are owner operated. Franchisor has not represented that this business is going to be easy for Franchisee, Franchisee's partners, officers or directors. Franchisee must actively participate in the daily affairs of the business. Franchisee represents that Franchisee is in good health and able to devote Franchisee's full time and best efforts in the day to day operations of Franchisee's Franchised Business or that Franchisee has the business management skills necessary to successfully hire a general manager to run the day to day operations of Franchisee's Franchised Business.

1.9. Neither Franchisee, nor Franchisee's spouse, nor Franchisee's children, nor Franchisee's parents, nor anyone who has an interest in or who will manage the Franchised Business, nor any of Franchisee's partners or affiliates:

- (a) supports terrorism,
- (b) provides money or financial services to terrorists,
- (c) receives money or financial services from terrorists or institutions that support terrorists,
- (d) is engaged in terrorism, or
- (e) is on the current U.S. or Canadian government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq.

1.10. Neither Franchisee nor any of these persons has engaged in or has been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes, and each is eligible under applicable U.S. immigration laws to communicate with and travel to the United States to fulfill Franchisee's obligations under Franchisee's agreements with Franchisor.

## 2. DEFINITIONS

As used in this Agreement, the following words and phrases shall have the meanings indicated:

2.1. "Affiliate" means any natural person or entity which, directly or indirectly, controls, is controlled by, or is under common Control with, the subject Person.

2.2. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a natural person or an entity, or of the power to veto major policy decisions of a natural person or an entity, whether through the ownership of voting securities, by contract, or otherwise.

2.3. "Copyrighted Materials" means all brochures, advertisements, sales literature, publications, the Operations Manual (as defined below) and all other printed or copyrightable materials prepared by or for Franchisor and made generally available to Franchisees.

2.4. "Events of Default" has the meaning set forth in Section 16.1 herein.

2.5. "Franchised Business" means the licensed operation of a single Outlet providing staging and furniture sales services and ancillary activities within the Operating Territory pursuant to this Agreement.

2.6. "Marketing Territory" means the geographic area within which the Franchised Business may be advertised or marketed, as approved by Franchisor, and more specifically identified in Section 3.1 here in.

2.7. "Names and Marks" means the trade name, trademark or service mark "SET THE STAGE®" and such other or similar names, service marks, trademarks, trade names and copyrights, together with all ancillary signs, symbols, slogans, phrases, emblems, designs and other indicia as are indicated by Franchisor and used in connection with the Franchised Business and the System.

2.8. "National Account Agreements" means customer agreements negotiated by Franchisor which because of their scope and/or size require the participation of Franchisees.

2.9. "Operating Territory" means the geographic area within which the Franchised Business is operated, as approved by Franchisor, and as more specifically identified in Section 3.1 herein.

2.10. "Operations Manual" means all written compilations of the System Standards. The Operations Manual may take the form of one or more of the following: one or more looseleaf or bound volumes; bulletins; notices; videos; CD-ROMS and/or other electronic media; online postings; e-mail and/or electronic communications; facsimiles; or any other medium capable of conveying the Operations Manual's contents.

2.11. "Person" means a natural person or legal entity.

2.12. “Reasonable Business Judgment” means that Franchisor’s determinations or choices will prevail, even if other alternatives are also reasonable or arguably preferable, if Franchisor intends to benefit, or is acting in a way that could benefit, the System (by, for example, enhancing the value of the Names and Marks, increasing customer satisfaction, minimizing possible customer confusion as to the Names and Marks or the location of any Franchised Business, or increasing Franchisor’s financial strength). Franchisee agrees to this concept of Reasonable Business Judgment in acknowledgment of the fact that Franchisor should have at least as much discretion in administering the System as a corporate board of directors has in directing a corporation and because the long-term interests of the System and all franchisees and owners of Franchises in the System require that Franchisor have the latitude to exercise Reasonable Business Judgment. Franchisor shall not be required to consider Franchisee’s particular economic or other circumstances or to slight Franchisor’s own economic or other business interests when exercising Franchisor’s Reasonable Business Judgment. Franchisee acknowledges that: (i) Franchisor has a legitimate interest in seeking to maximize Franchisor’s profit; and (ii) the fact that Franchisor benefits economically from an action will not be relevant to showing that Franchisor did not exercise Reasonable Business Judgment. Neither Franchisee nor any third party (including but not limited to any third party acting as a trier of fact) shall substitute Franchisee’s or its judgment for Franchisor’s Reasonable Business Judgment. Franchisee agrees that, in a given situation, Franchisee has the burden of establishing, by clear and convincing proof that Franchisor failed to exercise Reasonable Business Judgment.

2.13. “System Standards” means all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by Franchisor for use by Franchisee in connection with the establishing, operating, maintaining, marketing, services, service levels, quality, and quality assurance of the Franchised Business, and for advertising and accounting, whether contained in the Operations Manual or set out in this Agreement or other written communication from Franchisor.

2.14. “System” means the elements, including know-how, that Franchisor designates to distinguish a Franchised Business operating under the Names and Marks that provide to the public a similar, distinctive, high-quality service. The System currently includes: the Names and Marks, and the System Standards; advertising, publicity and other marketing programs and materials; training programs and materials; and programs for Franchisor’s inspection of the Franchised Business and consultation with the Franchisee.

2.15. “Term” has the meaning set forth in Sections 5.1 and 5.2 herein.

2.16. “Trade Name” has the meaning set forth in Section 3.4 herein.

2.17. “Trade Secrets” means all know-how, processes, techniques, and information relating to the provision of services in connection with the Franchised Business and the System.

2.18. “Transfer” means in all its forms, any sale, lease, assignment, spin-off, transfer, or other conveyance.

### 3. ESTABLISHMENT OF FRANCHISE

3.1. Grant of Franchise. Subject to all the terms and considerations of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, the exclusive right to operate a Franchised Business using the System during the Term within the Operating Territory, commencing on the Effective Date. Except as stated here, Franchisee may not conduct the Franchised Business outside of the Operating Territory without the prior written permission of Franchisor. The Franchisee's Operating Territory is identified on Schedule A, attached hereto and incorporated herein by this reference. Franchisees, including you, may serve customers located outside of your Operating Territory, so long as a pre-existing relationship with them was created prior to their location being situated in the territory of any other franchisee or they arise as a referral from a source arising out of your activities within your Operating Territory. You will also provide additional information and explanation for any work you perform outside of your assigned Operating Territory. You may only advertise or market your Franchised Business within your Marketing Territory. Your Marketing Territory is identified on the same Schedule A.

3.2. Grant of Licenses. Subject to the terms and considerations contained in this Agreement, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, the nonexclusive right and sub-license to use (but only in connection with the Franchised Business and the System) the Names and Marks, Trade Secrets and Copyrighted Materials (as such may presently exist or hereafter be modified or acquired by Franchisor and be licensed for use to the Franchisee) but only to the extent Franchisor has rights or may acquire rights to the same. Franchisor agrees to impart and disclose to Franchisee the Trade Secrets prior to the commencement of operations of the Franchised Business.

3.3. Reserved Rights. Notwithstanding the foregoing Sections 3.1 and 3.2:

- (a) This Agreement does not limit the Franchisor's right, or the right of any of its Affiliates, to own, license or operate any other business whatsoever, whether or not under the Names and Marks;
- (b) Franchisor may add, alter, delete or otherwise modify elements of the System; use or license to others all or part of the System; and use any portion of the System and Names and Marks in other businesses; and
- (c) Franchisee acknowledges and agrees that Franchisee has no rights to, and will not make any claims or demands for, damages or other relief arising from or related to any of the foregoing activities, and that such activities will not give rise to any liability on Franchisor's part, including liability for claims for unfair competition, breach of any applicable implied covenant of good faith and fair dealing, or divided loyalty.

Franchisee Name. Franchisee shall display the Franchisee's Trade Name for all purposes, and on all signs, stationary, business cards, advertising materials and other media, in strict compliance with the requirements set forth in the Operations Manual.

Franchisee shall file and keep current, in the county and/or state in which Franchisee's Franchised Business is located and at such other places as may be required by law, a "fictitious name certificate" or comparable instrument, for the Trade Name. Franchisee shall not, without Franchisor's prior written approval, use any of the Names and Marks, or any form thereof in connection with (i) any corporate, partnership or other entity name or in any corporate or other entity filing with any political subdivision; (ii) any internet-related name (including a domain name); or (iii) any other business. Franchisee hereby agrees that if this Agreement is terminated for any reason, Franchisee shall immediately discontinue all use of the Trade Name.

4. INITIAL FRANCHISE FEE AND FRANCHISE ROYALTY

**4.1.** Initial Franchise Fee. Franchisee hereby promises and agrees to pay to Franchisor an initial franchise fee (the “Initial Franchise Fee”) of Fifty-Nine Thousand Five Hundred and no/100 Dollars (\$59,500.00), upon signing of this Agreement. The Initial Franchise Fee is fully-earned and is non-refundable as and when paid as consideration for the expenses incurred by Franchisor in furnishing assistance and service to Franchisee and for Franchisor’s lost or deferred opportunity to franchise to others. Each franchise acquired must be open and operating within sixty days after the date of acquisition.

(a) Veteran’s Discount. Prospective Franchisees who have been honorably discharged from any branch of the United States Military may qualify for a 10% reduction in the amount of the Initial Franchise Fee upon request with the initial franchise application and the submission of acceptable documentation of discharge to the Franchisor.

(b) Multiple Franchises. Franchisee may acquire additional franchises, each with its own Franchise Agreement and Operating Territory, upon approval of Franchisor and payment of the following Franchise Fees. Multi-Outlet discounts are available only for a group of franchises purchased in a single transaction.

Second and Third Franchise acquired by Franchisee or Affiliates -	\$40,000.00
Fourth Franchise acquired by Franchisee or Affiliates -	\$35,000.00
Each additional Franchisee (over four) acquired by Franchisee or Affiliates -	\$30,000.00

**4.2.** Franchise Royalty. In addition to the Initial Franchise Fee, Franchisee hereby promises and agrees to pay to Franchisor a franchise royalty (the “Franchise Royalty”) in an amount equal to the greater of (i) 6% of Gross Revenues or (ii) the minimum monthly royalty set forth below:

# of Units of Territories	Months 1-6	Months 7-12	Months 13-24	Months 25-36	Months 37-48	Months 49-60	Months 60-72	Months 73-End
2 Units or less	\$0	\$500	\$1,000	\$1,100	\$1,200	\$1,300	\$1,400	\$1,500
3 Units	\$0	\$750	\$1,250	\$1,350	\$1,450	\$1,550	\$1,650	\$1,750
4 Units	\$0	\$1,000	\$1,500	\$1,600	\$1,700	\$1,800	\$1,900	\$2,000
5 Units or more	\$0	1,250	\$1,750	\$1,850	\$1,950	\$2,050	\$2,150	\$2,250

As used in this Agreement, the term “Gross Revenues” means all receipts or benefits of every kind and nature whatsoever received by Franchisee directly or indirectly in connection with the operation of the Franchised Business. The Franchise Royalty shall be paid monthly on or before the 15th day of each calendar month based upon the Gross Revenues of the preceding calendar month.

**4.3.** Determination and Method of Payment of Franchise Royalty. The calculation and payment of the Franchise Royalty specified in Section 4.2 above shall be made as follows:

(a) On or before the 15th day of each calendar month Franchisee shall deliver to Franchisor a report of the financial activity of the Franchised Business for the immediately preceding calendar month. The report shall show Gross Revenues, all sales and other services performed, and such other information concerning the financial affairs of Franchisee as Franchisor may reasonably require pursuant to the Operations Manual. For purposes of this Agreement, such information shall be referred to as the “Monthly Revenues Report.”

(b) The Franchise Royalty shall be due and payable on the same date that the corresponding Monthly Revenues Report is due, and the Franchise Royalty amount will be auto-withdrawn from Franchisee’s bank account on its due date. Franchisee shall be required to complete and provide to Franchisor a Preauthorized Payments Form authorizing the auto-withdrawal, in the Form included in the Operating Manual and in the Franchisor’s Franchise Disclosure Documents. Franchisee is also required to keep a valid credit card on file with Franchisor, in case the auto-withdrawal fails or is rejected or Franchisee otherwise fails to pay the Franchise Royalty when due. Any payment made with any type of credit card that Franchisor accepts, will be subject to a three and one half percent (3.5%) convenience fee regardless of the amount of payment.

(c) If the Franchisee fails to deliver the required Monthly Revenues Reports to Franchisor on or before the 15th day of each month, a late charge of \$250.00 shall be assessed for each Monthly Revenues Report which is not timely delivered. Incorrect classification of revenue constitutes a violation of this Agreement and will be assessed a \$250.00 fee per incident.

(d) If the Franchisee fails to pay any Franchise Royalty when due, Franchisee shall be assessed a one-time late charge equal to the lesser of ten percent (10%) of the Franchise Royalty due or, if less, the maximum late charge assessable under the laws of the state in which the Franchised Business is located.

(e) In addition to the one-time late charge referred to in subsection (d) above, all Franchise Royalties not paid when due shall bear interest from such due date of payment, both before and after judgment, at the rate equal to the lesser of twelve percent (12%) per annum or, if less, the maximum rate allowed under the laws of the state in which the Franchised Business is located.

4.4. Project Support Fee. In addition to the foregoing, a special Project Support Fee will be assessed by Franchisor in connection with special projects of Franchisee for which Franchisee requests Franchisor support, such as, but not limited to, additional Franchisor assistance with proposals, templates, diagrams, vision boards, sourcing or other needs. Project Support Fees will be on a project by project basis and will be negotiated prior to any bids, estimates or proposals made by the Franchisee to their customer. Generally, it is expected that Franchisee will be able to provide necessary service to its customers without Franchisor support. Project Support Fees shall be paid with the Monthly Revenues Report for the month in which the Project Support Fee is assessed.

## 5. TERM AND RENEWAL

5.1. Initial Term. This Agreement shall have an Initial Term commencing on the Effective Date and ending on the last day of the calendar month which is ten (10) years after the Effective Date of this Agreement, unless terminated at an earlier date as provided herein.

5.2. Renewal Terms. Subject to the terms and conditions set forth in Section 5.3 below, and upon approval by Franchisor at Franchisor's sole discretion, Franchisee may renew its franchise upon the expiration of the Initial Term or any Renewal Term for additional consecutive ten (10) year periods by giving Franchisor written notice of intent to renew at least six (6) months but not more than nine (9) months prior to the expiration date of the then current Term. Failure of the Franchisee to give such notice shall constitute an Election Not to Renew, unless the law of the state in which the Franchised Business is located provides otherwise.

5.3. Conditions to Renewal. Franchisee's renewal under Section 5.2 is subject to Franchisee's compliance with the following on the date of the notice of intent to renew and on the first day of the Renewal Term: (i) Franchisee is not in default of any provision of this Agreement or any other Franchise Agreement or any other agreement with Franchisor or its Affiliates to which the Franchisee is a party; (ii) Franchisee executes prior to the first day of the Renewal Term the then current form of Franchise Agreement being used by Franchisor, which Franchise Agreement may contain materially different terms from those contained in this Agreement; (iii) Franchisee, its Franchised Business, staging inventory, equipment and procedures meet the then current System Standards applicable to new franchisees; (iv) Franchisee pays to Franchisor prior to the first day of the Renewal Term a renewal fee of \$5,000; and (v) Franchisee executes a general release, in form acceptable to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates, directors, officers, and employees. A form of the general release is included in the Operating Manual and in Franchisor's Franchise Disclosure Document.

5.4. Non-Renewal. If Franchisee makes an Election Not to Renew as provided in 5.2 above, upon expiration of the Initial Term or Renewal Term this Agreement shall continue in full force and effect on a month-to-month basis until terminated by Franchisor by delivery to Franchisee of a written notice of termination at least thirty (30) days prior to the date of such termination.

## 6. COMMENCEMENT OF BUSINESS

6.1. Prior to commencing operation of the Franchised Business, (a) Franchisee shall be required to successfully complete Franchisor's (i) Pre-Opening Training Program, and (ii) STS™ Franchisee Training Program; (b) Franchisee shall be in full compliance with all of the terms and conditions of this Agreement; and (c) Franchisee shall have established (i) a principal office as provided in the Operations Manual, at a location approved in writing by the Franchisor, which location may be in the Franchisee's home, at a commercial location in the Operating Territory, or at the Franchisee's studio facility, where the Franchisee will conduct its business operations of the Franchised Business, and (ii) a studio facility as provided in the Operations Manual, at a location in the Operating Territory and approved in writing by Franchisor, where Franchisee will store the supplies, equipment and inventory used in the Franchised Business. If Franchisee has not selected a principal office or studio facility, or if Franchisor has not approved in writing such principal office or studio facility, within six months of execution of this Agreement, either Franchisee or Franchisor may terminate this Agreement, which termination shall have no effect upon the non-refundable nature of the Franchise Fee or any other payments made by Franchisee to Franchisor.

6.2. Prior to commencement of operations the Franchisee shall stage a Grand Opening. Prior to the Grand Opening, Franchisee shall pay to Franchisor a \$15,000.00 Launch Support Fee, which will cover such things as assistance with studio design and build-out, network and association introductions and support, vendor set up, coaching and counseling, social media and marketing launch, and systems integration.

6.3. Franchisee will commence operation of the Franchised Business as soon as practicable after the date of this Agreement, but in any event not later than 30 days after Franchisee completes the requirements of this Article 6 and in no event later than 60 days after the date of this Agreement.

## 7. OBLIGATIONS OF FRANCHISOR

7.1. Franchisor has the following responsibilities to Franchisee under this Agreement. Franchisor reserves the right to fulfill some or all of these responsibilities through one or more of its Affiliates or through unrelated third parties, in its Reasonable Business Judgment. Franchisor may require Franchisee to make payment for any resulting services or products directly to the provider.

7.2. Operating Territory. It is specifically understood and agreed by and between the parties to this Agreement that the grant of a franchise pursuant to this Agreement is only for the operation of one Franchised Business within the Operating Territory, as set forth in Section 3.1, and that there can be no change in the address of the Franchisee's principal office or studio facility without the prior written agreement of the parties to this Agreement. Franchisor covenants that no franchise for an additional Franchised Business, whether franchised or owned by Franchisor, will be sold within the Operating Territory. Franchisee acknowledges and agrees that each Operating Territory in which there is a Franchised Business may be different from each other Operating Territory in terms of size, population, and other factors, it being further agreed that the determination of the size, population, and other factors regarding the Operating Territory shall be established by Franchisor. Franchisee hereby waives any and all claims against Franchisor and all other current and future franchisees regarding the size, population, or other factors differentiating the area encompassing Franchisee's Operating Territory from that of other franchisees.

7.3. Specifications. Franchisor will provide an itemization of all staging inventory, including furniture and decor, all equipment and supplies, and all branded products to be used in the operation of the Franchised Business.

7.4. Pre-Opening Training. Franchisor shall provide Pre-Opening Training to Franchisee, which Franchisee will be required to successfully complete prior to Franchisee beginning operation of the Franchised Business. Franchisee will be trained in the operation of the Franchised Business. The Pre-Opening Training shall take place at the Franchisor's corporate office in South Jordan, Utah, or at such other location as may be designated by the Franchisor. This Pre-Opening training will last up to eight (8) weeks and will include participation in actual operations, familiarization with the Operations Manual and other aspects of the Franchised Business. It will include hands-on or field training to learn systems and processes, as well as the business model and franchise system standards. Franchisee shall be solely responsible for the costs of attendance at the "Setting The Stage™" Program, including, without limitation, transportation, lodging, food, and incidentals. If, for any reason, Franchisee fails to complete the Setting the Stage™ Program to the reasonable satisfaction of Franchisor, Franchisee will be responsible for any additional expenses that may be incurred by Franchisor's Trainer or Training Department to further train Franchisee.

7.5. Additional Training. Franchisor may, from time to time, offer additional training programs for Franchisees, their employees and team members, which may include a annual system-wide Summit. Attendance at the Summit may be required, as designated by Franchisor. Attendance at other additional training is voluntary. Franchisee shall be solely responsible for the costs of attendance at all additional training, including, without limitation, transportation, lodging, food, and incidentals. Franchisee shall be solely responsible for the training costs for such additional training. Training costs shall be billed at the then-current prevailing 8-hour per day rate of Franchisor's trainer. If additional training occurs at Franchisee's principal office or studio facility, Franchisee will also be solely responsible for the transportation, lodging, meals and incidentals of Franchisor's trainer.

7.6. Operational Assistance. Franchisor will provide reasonable assistance to Franchisee at Franchisee's request in operational, facilities and marketing issues encountered by Franchisee in connection with the operations of the Franchised Business. Franchisor will also make its representatives available to consult with Franchisee during the continuing operations of the Franchised Business. The Franchisee shall be responsible for paying the Franchisor's reasonable, actual costs of such assistance as determined prior to the commencement of the services.

7.7. Operations Manual. Franchisor will provide for use by the Franchisee a copy of the Franchisor's Operations Manual, which may be hard copy or electronic format, and any revisions and updates which Franchisor and its Affiliates may make to the Operations Manual during the Term. The Operations Manual will contain mandatory specifications, standards, and operating procedures Franchisor prescribes from time to time for all of Franchisor's Franchised Businesses and information related to Franchisee's other obligations under this Agreement and to the operation of the Franchised Business. Franchisor and its Affiliates retain the right to modify the Operations Manual at any time and in any manner they deem appropriate, in their sole discretion, provided no such modification shall alter Franchisee's rights under this Agreement and if there is a conflict between the Operations Manual and this Agreement the terms and conditions of this Agreement shall prevail. The Operations Manual is the exclusive property of the Franchisor, is provided for use by the Franchisee on a confidential basis, and will at all times be kept and maintained in a secure place at Franchisee's principal office.

7.8. Starter Package. The Starter Package includes materials used in the operation of the Franchised Business, including five (5) complete Furnishings Packages (including furniture, textiles, and decor), each sufficient to stage a moderate-sized space. The Starter Package also includes staging materials, staging equipment (including storage containers, totes and linen bags), staging supplies (including packing materials for up to six months), staging tool bags (including tools and supplies), basic location signage and branded team items. The introductory marketing tools, website portal and operations template are also included. The cost of your Starter Package may range from \$99,000 to \$129,000, reflecting certain variable costs, that will be determined at the time of curating and sourcing the Starter Package based on the current vendor rates as well as applicable tax, tariff, and freight shipping costs which can be calculated more particularly for your location at such time. Franchisor will provide for purchase by Franchisee, prior to the commencement of operations of the Franchised Business, a Starter Package of this form, purchase of which must be paid in full within 14 days after the signing of this Agreement.

## 8. OBLIGATIONS OF FRANCHISEE

8.1. Franchisee will obtain a principal office and an ample sized studio facility for the Franchised Business within the Operating Territory. Franchisee is solely responsible for, and is encouraged to consult with its own legal counsel and other advisors in connection with, the negotiation of all agreements and other contracts relating to the principal office and studio facility and improvements and modifications thereto.

8.2. Pre-Opening Training. Franchisee will satisfactorily complete the Franchisor's Setting the Stage™ Program for training in the operation of the Franchised Business.

8.3. Starter Package. The Franchisee shall obtain from Franchisor and pay for the Starter Package of materials referred to in Section 6.8 above.

8.4. Compliance With System Standards. Franchisee will comply with the System Standards, including Franchisor's specifications for all supplies, products and services. Franchisor may require Franchisee to purchase particular supplies, products or services meeting certain standards to maintain the common identity and uniqueness of the design, furnishings and appurtenances of the services of the Franchised Business, and Franchisee will comply with such requirements. Franchisee shall purchase supplies, products, and services only from distributors and suppliers approved by the Franchisor.

8.5. Compliance With Operations Manual. Franchisee covenants to adhere to the System Standards contained in the Operations Manual. The Franchisee agrees to ensure that his copy of the Operations Manual is, at all times, current and up to date. If there is any dispute as to Franchisee's compliance with the provisions of the Operations Manual, the master copy of the Operations Manual maintained at Franchisor's principal office will control. The Franchisee will not disclose the contents of the Operations Manual to any unauthorized person.

Franchisee will not at any time copy, duplicate, or reproduce any Operations Manual or portion thereof and will not distribute, disseminate, transfer, or otherwise make the Operations Manual or any portions thereof available to any unauthorized person. Franchisee will return the Operations Manual and all portions thereof to Franchisor at the end of the Term or immediately upon termination of the Franchised Business or this Agreement for any reason. This Section shall apply to the Operations Manual and all portions thereof, regardless of form, whether hard copy, electronic or any other medium.

8.6. Compliance with Laws. Franchisee covenants to comply with all applicable statutes, ordinances, rules and regulations of federal, state and local governments and agencies thereof which in any way regulate or affect the operation of the Franchised Business, including the maintaining of a contractor's license, if required, and agrees not to engage in any activity or practice which results in violation of any such statutes, ordinances, rules and regulations or which results in or may reasonably be anticipated to result in any public criticism of the Franchisor's System or any part thereof. Franchisee shall not discriminate on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status, in any of its activities or operations.

8.7. Confidentiality. Franchisee will treat as confidential the System Standards, the Operations Manual and all other Proprietary Information. Proprietary Information means all information or materials concerning development, operation, marketing and licensing of the System, including the System Standards and the Operations Manual, whether developed by

Franchisor, Franchisee or another Person. Franchisee acknowledges and agrees that it does not acquire any right or interest in the Proprietary Information other than the right to utilize the same in the development and operation of the Franchised Business under the terms of this Agreement. Franchisee agrees that it will not use the Proprietary Information in any business or for any purpose other than in the development and operation of the Franchised Business under the System and will maintain the absolute confidentiality of the Proprietary Information during and after the Term. Franchisee will not make unauthorized copies of any portion of the Proprietary Information; and will adopt and implement all procedures Franchisor may periodically establish in its business judgment to prevent unauthorized use or disclosure of the Proprietary Information, including restrictions on disclosure to employees and the use of non-disclosure and non-competition clauses in agreements with employees, agents and independent contractors who have access to the Proprietary Information.

8.8. Conflict of Interest. Franchisee covenants that for the duration of this Agreement: (a) it shall not be employed by or have any direct or indirect financial or ownership interest in any other business providing services identical or similar to the type of Services described in this Agreement or in the Operations Manual unless such other business is operated pursuant to a Franchised Business granted by Franchisor or its Affiliates; and (b) it will require its manager and all employees to execute Franchisor's standard Non-Competition and Non-Disclosure Agreement, signed copies of which will be forwarded by Franchisee to Franchisor within one (1) week after execution of this Agreement or upon the date of employment, whichever is sooner.

8.9. Inspections. Franchisee hereby consents to reasonable inspections during normal business hours of Franchisee's principal office and studio facility at reasonable intervals by Franchisor and/or its Affiliates.

8.10. Advertising Conditions. Franchisee covenants to advertise, promote and market the Franchised Business and related services using the System Standards for all Franchised Businesses, at its cost and expense and only within the Franchisee's Operating Territory. Franchisee covenants to pay to Franchisor, upon demand, a fine of \$500.00 per violation of this condition. Franchisee will not use any advertising or promotional materials (including any materials in digital, electronic, or computerized form or in any form of media that exists now or is developed in the future) which have not been previously submitted to and approved in writing by Franchisor. Franchisee will immediately discontinue its use of any advertising or promotional material which is disapproved by Franchisor, even if previously approved. Further, Franchisee covenants that it will use only the website provided by Franchisor and that it will not maintain any other website or link to any other website relating to activities conducted in connection with this Agreement, without the express written approval of Franchisor.

8.11. Hiring and Training of Employees and Team Members. Unless trained by Franchisor or otherwise agreed to by Franchisor, Franchisee will hire, and train at Franchisee's expense, all management employees and team members of the Franchised Business. Franchisee will be solely responsible for the terms of employment and compensation of all employees and team members Franchisee employs. Franchisee will not employ anyone: (i) that a background check would suggest that such person does not adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct; or (ii) who refuses or fails to complete satisfactorily the training program of Franchisee or Franchisor. All Franchisee's employees and team members charged with management responsibilities for the day-to-day operations of the Franchised Business must either

be trained by Franchisor pursuant to Section 6.4 above or otherwise trained by Franchisee to Franchisor's satisfaction. Franchisee must inform Franchisor in writing immediately on the termination of employment of any management personnel to assure appropriate training of any replacement manager(s).

## 9. SYSTEM STANDARDS AND SERVICES

Franchisee understands and acknowledges the essential nature of and that benefits inuring to the parties to this Agreement shall be derived from the uniformity of service, appearance, and quality among all of Franchisor's Franchised Businesses. In order to maintain a uniform standard of operation and quality for all of Franchisor's Franchised Businesses and to further protect the goodwill of the same, all of which Franchisee acknowledges to be of benefit to Franchisee, the Franchisee agrees as follows:

9.1. Management and Supervision. Franchisee, at its sole cost and expense, shall provide, or shall arrange for team members or employees to provide, sufficient and proper management, supervision, and other operational oversight of the Franchised Business, in accordance with the Operations Manual, System Standards and requirements and applicable federal, state, and local laws and regulations.

9.2. Services. Franchisee will provide through the Franchised Business only those services as may be established in Franchisor's System Standards from time to time and shall not provide any services that do not conform to the System Standards, specifications, quality, or characteristics as from time to time may be prescribed by Franchisor.

9.3. System Standards of Service. Franchisee and Franchisee's team members and employees will at all times give prompt, courteous, and efficient service to customers of the Franchised Business. In all dealings with customers, suppliers, and the public, Franchisee and Franchisee's team members and employees will adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. All Franchisee's advertising and promotion of the Franchised Business and its services will be in strict compliance with these standards, will be completely factual, and will reflect the high standards of Franchisor's service. Franchisee agrees to refrain from any business or advertising practice that may be injurious to the goodwill associated with the System, including the Names and Marks. Franchisee agrees that Franchisee will adhere to the Franchisor's System Standards for the operation of the Franchised Business. Franchisee will respond promptly to all inquiries and complaints in order to achieve customer satisfaction. Franchisee acknowledges that it may be necessary or desirable to change or modify the System and the methods and procedures Franchisee uses to conduct the Franchised Business, and upon notice from Franchisor, Franchisee will promptly implement such changes and modifications at Franchisee's cost. Franchisee agrees to comply with all of Franchisor's specifications, standards, and operating procedures related to the operation of Franchisee's Franchised Business as prescribed from time to time in the Operations Manual.

9.4. Use of Materials Imprinted with Names and Marks. Franchisee agrees that the proper display of the Names and Marks is important to the public recognition of the System and, as a result, to the growth of Franchisee's Franchised Business and the Franchised Business of Franchisor's other franchisees. As a result, Franchisee agrees to use only such printed materials, including letterheads, checks, invoices, signs, and other promotional material, as comply with the Franchisor System Standards, as prescribed from time to time.

9.5. Furnishings, Equipment, and Inventories. Franchisee covenants that there shall be used in providing services through the Franchised Business only such furnishings, equipment, and inventories as shall comply with the specifications and System Standards prescribed by Franchisor from time to time. Franchisor may also prescribe that furnishings, equipment, and inventories must be purchased from approved suppliers, including Franchisor.

9.6. Pricing. Franchisee has the sole right to determine the prices charged for products and services sold through the Franchised Business, except for National Account Agreements for which prices shall be set by Franchisor.

Management/Conflicting and Competing Interests. Franchisee will directly manage the Franchised Business at all times, except for minor, temporary absences and reasonable vacations, in which case fully-trained management personnel will directly manage the Franchised Business. Franchisee agrees that Franchisee will at all times faithfully and diligently perform Franchisee's obligations hereunder, that Franchisee will continuously devote Franchisee's full-time attention, energy, and best efforts to promote and enhance the Franchised Business, and Franchisee will not engage in any business or other activity that will conflict with Franchisee's obligations hereunder. If you are an individual, you must directly perform or supervise the operation of the Business unless we consent otherwise. If you are not a United States citizen, you must obtain and maintain an immigration status that will allow you to live and work in the United States for the initial term of the Franchise Agreement and for the length of any renewal term of the Franchise Agreement. If you do not have or maintain the required status, the Franchise Agreement will immediately expire by its terms with no further notice or opportunity to cure and we will have no liability to you, and no refund of any fees will be made. However, you will remain bound by all post-termination obligations in the Franchise Agreement, including all obligations regarding noncompetition, de-identification, confidentiality, and indemnification.

9.7. Franchisee acknowledges the operation of Franchisee's Franchised Business is a full-time occupation and, therefore, Franchisee agrees that Franchisee will not, during the Term of this Agreement, without Franchisor's written approval, have any interest as an owner (except of publicly traded securities), lender, director, officer, employee, consultant, representative, or agent, or in any other capacity, in any other business that is similar to the Franchised Business, except other franchises of Franchisor. If Franchisor provides prior written approval of a candidate to take the place of Franchisee as a Manager, then these obligations of Franchisee may be delegated to such Manager. Otherwise, these obligations are non-delegable.

9.8. Vehicles Used in Franchised Business. Franchisee, at its sole cost and expense, will ensure that all vehicles used in connection with the operation of the Franchised Business, are clean, free of body damage, registered, licensed, insured, of recent vintage, and of a conservative type and color. Any vehicle which displays a Name or Mark or logo incorporating the same shall comply with the foregoing requirements at all times.

9.9. Technology Requirements. Franchisee, at its sole cost and expense, will:

- (a) install, maintain, update and upgrade Franchisee's computer systems to meet the requirements necessary to run the System as prescribed from time to time in the Operations Manual or in Franchisor's System Standards;
- (b) assure that Franchisee and each of Franchisee's team members owns a Smartphone capable of operating software and apps prescribed from time to time in the Operations Manual or in Franchisor's System Standards;

(c) will subscribe to, activate and pay for Franchisee and each of Franchisee's team members any software prescribed from time to time in the Operations Manual or in Franchisor's System Standards, including accounting software, point-of-sale or payment processing services or software, the Set the Stage Inventory Management App and the Set the Stage Customer Relations App. The Set the Stage Inventory Management App and the Set the Stage Customer Relations App currently have a combined hosting fee of \$13.00 per individual user per month due to the Franchisor. Other software will have costs as established with the vendors that are designated or approved, which Franchisee agrees to pay. Franchisee shall pay the hosting fee, as set from time to time by the host, for its managers, team members and employees; and

(d) subscribe to a WeSetTheStage.com email account for the Franchisee, its Affiliates and each of its team members and shall pay to the Franchisor a \$13.00 per month hosting fee per individual user.

9.10. Compliance with Laws. Franchisee will comply with all laws (federal, state, and local) applicable to the operation of Franchisee's Franchised Business, including, without limitation, all wage and hour laws, labor department, workers compensation and unemployment laws and rules.

9.11. Annual Review. To provide consistent service standards, Franchisee agrees that Franchisor or its designated representative may visit Franchisee's location, at least once each year, to conduct an Annual Review and work with Franchisee, its team members and Franchisee's employees for a period of time not to exceed one week per visit and Franchisee agrees to make himself and his employees available to Franchisor and to provide any items Franchisor may request to be made available during that time period. Franchisee will be responsible for reasonable, actual costs of transportation, lodging, meals for Franchisor or its designated representative, plus wages of the designated representative not to exceed \$37.50 per hour of time spent with Franchisee for this Annual Review.

9.12. National Account Agreements. Franchisee may participate at the invitation of Franchisor in any national account project agreements, at a compensation agreed to by the Franchisor and the Franchisee, where Franchisor provides structure for the governance of work that may be generated in operating territories outside the Franchisee's Operating Territory.

## 10. INSURANCE AND INDEMNIFICATION

10.1. Insurance. Franchisee will procure, and maintain in full force and effect throughout the Term, the following insurance:

(a) Insurance on the generally accepted "all risk" form insuring all personal property, leasehold improvements, and assets of every description and kind Franchisee may use in the Franchised Business, for the full insurable value thereof;

(b) Commercial general liability insurance with a limit of not less than \$1,000,000 per occurrence (combined single limit for bodily injury and property damage) with respect to the activities Franchisee and any team member, employee or other person performing work on Franchisee's behalf conducts;

- (c) Automobile liability insurance with limits of not less than \$1,000,000 per accident for all owned, hire, and non-owned vehicles Franchisee, Franchisee's employees, or any other person performing work on Franchisee's behalf operate;
- (d) Workers' compensation insurance as required by state law, and employers' liability insurance with limits of not less than \$100,000 per person; and
- (e) Third Party Crime Bond/Policy with limits of not less than \$25,000 per occurrence.

10.2. Policy Terms. All such insurance policies will be written by responsible insurers licensed to conduct business in the Operating Territory, will name Franchisor as an additional insured (on a primary, non-contributory, basis), and will provide that Franchisor receive thirty (30) days' written notice prior to termination, expiration, or cancellation. At least ten (10) days before Franchisee begins operation of the Franchised Business, and annually thereafter, Franchisee will submit to Franchisor a copy or certificate or other acceptable proof of such insurance. During the Term, Franchisor may increase the minimum insurance limits from time to time and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, court awards, and other relevant circumstances. If Franchisee at any time fails or refuses to maintain in effect any insurance coverage required by this Agreement, Franchisor may, at Franchisor's option and in addition to Franchisor's other rights and remedies under this Agreement, obtain such insurance coverage on Franchisee's behalf, and Franchisee will promptly execute any applications or other forms or instruments required to obtain any such insurance and, on demand, reimburse Franchisor for any and all costs or expenses Franchisor incurs and premiums Franchisor pays related to such insurance.

10.3. Notice of Claims. In the event any claim, demand, action or proceeding is brought against Franchisee or his property, or if Franchisee is notified of any violation of an applicable rule or statute, Franchisee will immediately notify Franchisor thereof, giving full particulars, and at its sole expense will diligently and expeditiously defend, compromise, cure or satisfy such claim, action, demand, proceeding or violation in Franchisee's sole discretion. Franchisee shall, in all respects, strive to uphold the System Standards and goodwill created by the System and associated with the Names and Marks, Trade Secrets and Copyrighted Materials.

10.4. Indemnification By Franchisor. Franchisor agrees to indemnify Franchisee against and to reimburse Franchisee for all damages for which Franchisee is held liable, and all costs Franchisee reasonably incurs in the defense of any such claim brought against Franchisee, in any proceeding arising out of:

- (a) Franchisee's proper use of the Names and Marks in accordance with this Agreement;
- (b) False representations or warranties Franchisor made; or
- (c) The negligent or willful acts or omissions of Franchisor or Franchisor's directors, officers, employees, or agents under this Agreement.

Franchisor will have the right to participate in, and to control, any litigation or proceeding related to the claim, including the right to compromise or settle such litigation or proceeding, to the extent that

Franchisor deems necessary or advisable. As a condition of this indemnification, Franchisee must timely notify Franchisor of a claim subject to indemnification and have otherwise complied with this Agreement.

10.5. Indemnification By Franchisee. Franchisee agrees to indemnify, defend, and hold harmless Franchisor, Franchisor's affiliates, directors, officers, shareholders, employees, and agents, and the successors and assigns of Franchisor and any of them, against, and to reimburse Franchisor and them for, all loss, claims, or obligations that are related to or are based on Franchisee's acquisition, management, or operation of the Franchised Business; including, without limitation:

- (a) Franchisee's breach of any provision contained in this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates;
- (b) Acts, errors, or omissions of Franchisee or any of Franchisee's agents, servants, employees, contractors, partners, affiliates, or representatives;
- (c) Franchisee's violation, breach, or asserted violation or breach of any federal, state, or local law, rule, ordinance, regulation, standard, or directive, or of any industry standard;
- (d) Franchisee's taxes, liabilities, costs, or expenses related to the Franchised Business;
- (e) Any advertising or promotional material distributed, broadcast, or in any way disseminated by Franchisee or on Franchisee's behalf, unless Franchisor has produced such material or approved it in writing in advance; and
- (f) The negligent operation of the Franchised Business.
- (g) In any unfortunate event of local, national or global pandemics, natural disasters, economic failures that adversely affect business practices and operations, Franchisor and all of its Affiliates are held harmless by Franchisee.

For purposes of this indemnification, "loss, claims, or obligations" will include, without limitation, all loss, losses, damage, damages (whether compensatory, exemplary, or punitive), fines, charges, costs, lost profits, attorneys' fees and costs, accountants' fees, expenses, court costs, settlement amounts, judgments, expert witness fees, other litigation expenses, and travel and living expenses. Franchisor will have the right to defend any such claim against Franchisor in such manner as Franchisor deem appropriate in Franchisor's Reasonable Business Judgment. This indemnification will survive the termination of this Agreement.

## 11. PROPRIETARY INFORMATION

11.1. Ownership and Use of Modifications and Alterations to System. Franchisee acknowledges and agrees that as among Franchisor, its Affiliates and Franchisee, all modifications and alterations to the System, whether or not incorporated into the System and whether made by Franchisor, its Affiliates or Franchisee, are validly and exclusively owned by Franchisor, and Franchisee has only the nonexclusive right to use such modifications and alterations during the Term of this Agreement.

11.2. Ownership and Use of Names and Marks, Trade Secrets and Copyrighted Materials. Franchisee acknowledges and agrees that the Names and Marks, Trade Secrets and Copyrighted Materials are validly owned by Franchisor and that Franchisee has only the nonexclusive right to use such Names and Marks, Trade Secrets, and Copyrighted Materials as provided in this Agreement. Franchisee further acknowledges and agrees that Franchisor's rights to the Names and Marks, Trade Secrets and Copyrighted Materials are acquired by license from an Affiliate. Franchisee further acknowledges and agrees that all trademarks, service marks, trade names and copyrights, together with all ancillary signs, symbols, slogans, phrases, emblems, designs and other indicia developed by or for Franchisee for use in connection with the System are the sole and exclusive property of Franchisor and may be used by Franchisee only during the Term of this Agreement. Immediately upon termination or expiration of this Agreement, the Franchisee shall cease and desist from using said Names and Marks, Trade Secrets and Copyrighted Materials and shall return to Franchisor or destroy, at the Franchisor's election, all documents, instructions, displays, and advertising items and the like relating to the Names and Marks, Trade Secrets and Copyrighted Materials.

11.3. Confidential Information. Franchisee acknowledges that Franchisee's knowledge of the operation of Franchisee's Franchised Business and the particulars of the System is derived solely from information Franchisor discloses to Franchisee pursuant to this Agreement, the training Franchisor provides, the Operations Manual, all information obtained from any password protected website operated by Franchisor and otherwise in connection with Franchisee's use of the System (the "Confidential Information"). Franchisee acknowledges and agrees that the Confidential Information is a valuable asset of Franchisor, is proprietary, includes trade secrets, and is disclosed to Franchisee solely to benefit the Franchised Business. Franchisee agrees that Franchisee will not use the Confidential Information in connection with any other business and to maintain its secrecy and confidentiality during the Term and thereafter. In addition, Franchisee agrees not to copy, reproduce, disseminate, or otherwise disclose the Confidential Information, except with Franchisor's written consent, to Franchisee's employees or others to the extent necessary for them to operate the Franchised Business, and will take all necessary action to prevent the unauthorized use of, or access to, the Confidential Information. Finally, Franchisee agrees that Franchisee acquires no interest in the Confidential Information other than the right to use it in the operation of the Franchised Business. Any litigation costs required to protect the proprietary information and Names and Marks within Franchisee's Operating Territory are Franchisee's responsibility when they arise out of or result from Franchisee's actions or statements that disclose Confidential Information without authorization from Franchisor. This litigation may be directed by Franchisor but paid for by Franchisee. Franchisee is required to undertake reasonable safeguards to assure that anyone to whom Confidential Information needs to be disclosed for performance of their role or responsibilities with Franchisee holds such Confidential Information under substantially similar protections as those to which Franchisee covenants to abide in this section. If one of Franchisee's employees or team members violates the non-disclosure or non-compete agreement, Franchisee must take legal action against that employee or team member at Franchisee's cost, such as directed by Franchisor.

11.4. Ownership and Use of Goodwill.

- (a) Ownership of Goodwill. Franchisee acknowledges and agrees that any and all goodwill associated with the System, the Names and Marks, Trade Secrets and Copyrighted Materials, including any goodwill that might be deemed to have arisen through Franchisee's activities such as (without limitation) customer lists, referral partner lists, and

business records, shall inure directly and exclusively to the benefit of, and be owned solely by, Franchisor, except as otherwise provided herein.

(b) Preservation of Goodwill. Franchisee acknowledges and agrees that valuable goodwill is attached to the System, the Names and Marks, Trade Secrets and Copyrighted Materials and that it will use the same solely in the manner prescribed by Franchisor, and will operate the Franchised Business and provide the services under the Names and Marks, Trade Secrets and Copyrighted Materials in strict accordance with the System, terms and conditions of this Agreement, the Operations Manual and other System Standards established by Franchisor from time to time.

11.5. Web Sites. For purposes of this Section, “Site(s)” means domain names, the World Wide Web, the Internet, computer network/distribution systems, or any other electronic communications sites or means.

(a) Franchisee may not register, own, maintain or use any Sites that relate to the System or that include any of the Names and Marks. The only domain names, Sites, or Site contractors that Franchisee may use relating to the System or this Agreement are those which Franchisor assigns or otherwise approves in writing. Franchisee acknowledges that it may not, without a legal license or other legal right, post on its Sites any material in which any third party has any direct or indirect ownership interest. Franchisee must incorporate on its Sites any information Franchisor requires in the manner Franchisor deems necessary to protect its Names and Marks.

(b) Any use of the Names and Marks on any Site must conform to Franchisor’s System Standards. Given the changing nature of this technology, Franchisor reserves the right to withhold its approval, and to withdraw any prior approval, and to modify its requirements.

## 12. ADVERTISING AND PROMOTION

12.1. Advertising & Promotion Fees. Franchisor may assess an Advertising & Promotion Fee of up to 2% of Gross Revenues due monthly per the same payment schedule as the Royalty Fees.

12.2. Advertising Group. Some franchisees may form a group to pool additional funds to market to particular demographics (typically within a particular region), Franchisor encourages Franchisee to participate in such group marketing efforts.

12.3. Franchisee’s Name and Photograph. Franchisee hereby grants Franchisor the right, without compensation to Franchisee, to use Franchisee’s name, address, photograph, and biographical information in any publication related to the System, including in relation to the sale of other Franchised Businesses of Franchisor.

12.4. Internet Advertising. Franchisor does not allow Franchisee to create a website for Franchisee’s Franchised Business. Franchisor does provide, through its own public Website, the opportunity for each franchisee to have their contact information published and any portal specific for that Franchisee.

12.5. Social Media Marketing. It is permitted for a Franchisee to promote their business on Social Media platforms within the guidelines and criteria that are set forth in the Operations Manual. All advertising materials, whether or not on social media platforms, must be approved in advance of publication by Franchisor.

### 13. REPORTS AND RECORDS

13.1. Bookkeeping, Accounting and Records. Franchisee will maintain accurate financial records or employ a qualified bookkeeping service to maintain bookkeeping, accounting, sales and marketing records and all general record-keeping systems for the Franchised Business. Franchisee will retain items that include but are not limited to: Invoices, timecards, customer lists, Job Order Forms, Job Tracker Spreadsheet, Special Project Agreements, bids, contracts, payroll records, bank deposit receipts, Venmo records, project contracts with customers, notices sent from Franchisor, equipment maintenance records and federal and state income tax returns. Franchisee will keep such documents at Franchisee's principal office throughout the Term of this Agreement, including renewals, or a minimum of 10 years, whichever is longer, and thereafter will keep Franchisor advised of their location. Franchisee may be required to provide names and contact information for all customers as part of Franchisee's regular monthly reporting. Access to all sales information (sales software programs, spreadsheets, and all other forms of customer data and information and notes) must be available to Franchisor upon request at any time.

13.2. Franchisee will use QuickBooks Online to manage Franchisee's accounting and financial records. No other accounting software may be used unless approved by Franchisor. Franchisor will assist Franchisee in the set up of Franchisee's account upon starting Franchisee's Franchised Business. Franchisee's accounting records must be maintained weekly including purchases, receipts, invoices, bills, payroll, etc. Franchisor reserves the right to have full access to Franchisee's QuickBooks Online account to determine royalties to charge, audit Franchisee's records, and to advise Franchisee. If Franchisee is not accurately accounting for transactions in QuickBooks Online, Franchisee will be required to receive additional mandatory training at Franchisee's expense. Any significant changes (i.e. account information, login/passwords, subscription level, etc.) must be approved and reported to Corporate within 10 days of change.

13.3. Reports and Tax Returns. Franchisee will furnish to Franchisor, at the times and in a form Franchisor prescribes from time to time:

- (a) A complete and properly filled out Monthly Revenues Report, as defined in Section 3.3 above, for each month. The report for the prior month must be transmitted so Franchisor receives it within 15 days of the close of each month. The report must be submitted before 5:00 PM MST on the 15<sup>th</sup> day of the subsequent month. Any reports submitted past 5:00 PM MST are considered late. The report must account for all revenue invoiced in the reporting month using general accounting accrual method/practice. The report must contain the name, complete contact information, dollar amount invoiced, identified service(s) and/or product(s) sold (package type, furnishings, suppliers), and date service was completed, or products sold for each customer. Franchisor may also require additional information to be provided as part of this reporting upon request. To facilitate the transmittal of these reports, Franchisee agrees to comply with reasonable operating procedures Franchisor establishes and to send reports using modern technology to communicate with Franchisor;

(b) An exact copy of all returns, schedules, extensions, reports and/or amendments Franchisee files for federal and state income, corporate, or sales tax purposes, on the 20<sup>th</sup> of April each year. If Franchisee filed for a tax extension beyond April 15<sup>th</sup>, Franchisee must provide a copy of the tax extension, provide a written timeline of when Franchisee's taxes will be filed, and provide Franchisor a copy of Franchisee's filed tax return within 5 business days of submitting Franchisee's tax return to Federal and State agencies. Differences in Gross Revenue on Franchisee's tax return and what Franchisee had reported in Franchisee's monthly reporting are not allowed. Any differences in the tax return and Franchisee's reporting to the Franchisor are subject to an audit by the Franchisor or a hired company chosen by the Franchisor at the cost of the Franchisee. Failure to pay taxes or submit tax returns or differences in reported and tax revenue could result in immediate termination of the Franchise Agreement.

(c) A copy of Franchisee's annual ACORD Certificate of Insurance or other acceptable form of verification from Franchisee's insurance carrier showing proof of all insurance coverage required pursuant to this Agreement;

(d) A detailed list of customers, which includes name, phone number, email address, mailing address, type of entity, all notes on customer and work completed for customer; and

(e) The number of all vacant home staging packages, model/parade home staging packages, vacation nightly rental packages, Pre-Listing Consultations, Love Your Space Consultations, furniture and decor sales (as defined during training and in the Franchisor's Operations Manual) constitute the total Gross Revenue amount for each customer.

13.4. Inspections and Audits. The accounts, books, records, and tax returns of the Franchisee shall be open for inspection, examination and audit by Franchisor and its authorized representatives at all times. Any such inspection, examination or audit shall be at the requesting party's cost and expense unless (i) the same is necessitated by Franchisee's failure to prepare and deliver its data, reports and statements required hereunder, (ii) the same is necessitated by Franchisee's failure to keep and preserve records as hereinabove provided, or (iii) such inspection discloses that any such data, report or statement made and delivered by Franchisee is in error to an extent of two (2%) percent or more, in any of which events, such cost and expense shall be borne and paid by Franchisee, who shall reimburse Franchisor, as the case may be, immediately upon demand.

13.5. Information from Others. Franchisee hereby authorizes Franchisor to make reasonable inquires of Franchisee's bank, bookkeeper, accountant, tax preparer, suppliers, and trade creditors, concerning the operation and business affairs of Franchisee's Franchised Business, and hereby direct such persons and companies to provide to Franchisor with such information and copies of any such documents Franchisor may request. Failure to do so within 15 days constitutes a violation of this agreement and is subject to termination.

## 14. RESTRICTIVE COVENANTS

14.1. Covenant Not to Compete. In express consideration for this Agreement, and subject to applicable state law, if this Agreement either expires and is not renewed, or is terminated prior to

its designated expiration date by Franchisor in accordance with the provisions of this Agreement or by Franchisee without cause, Franchisee agrees that for a period of two (2) years, commencing on the earlier of: (i) the effective date of any injunction or other court order against Franchisee barring Franchisee from conducting the Franchised Business and using the Names and Marks; or (ii) the date on which Franchisee cease to conduct the Franchised Business, Franchisee will assure that Franchisee and Franchisee's owners, shareholders, partners, directors, officers, affiliates, and agents, will not directly or indirectly participate or have any interest as owner (except up to a 5% ownership interest in publicly held corporations registered under the Securities Exchange Act of 1934), partner, director, officer, lender, employee, consultant, representative, immediate family member, franchisee, franchisor, distributor, advisor or agent or serve in any other capacity, in any other business engaged directly or indirectly in the offer, sale, internet dissemination, or promotion of home staging or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the Franchisor's System, nor will Franchisee influence or attempt to influence Franchisee's customers or former customers to divert their business from Franchisor or another Franchised Business of Franchisor. This covenant applies within a 50-mile radius of your franchised business or of any other franchised business licensed by Franchisor and in operation at the time your agreement expires or is terminated.

If all or any portion of a covenant in this Section 14.1 is held unreasonable or unenforceable by a court, agency, or other tribunal having valid jurisdiction in an unappealed final decision to which Franchisor are party, Franchisee agree to be bound by any lesser covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Section 14.1. Furthermore, Franchisee acknowledges and agrees that Franchisor will have the right, in Franchisor's sole discretion, to reduce the scope of any covenant contained in this Section 14.1 without Franchisee's consent, effective immediately on Franchisee's receipt of written notice, and Franchisee agrees that Franchisee will comply forthwith with any covenant so modified.

14.2. Nondisclosure. During the Term of this Agreement or thereafter, the Franchisee shall not, and if Franchisee is a corporation or other legal entity, its officers, directors, shareholders, partners, managers, members shall not, communicate or divulge to or use for the benefit of any person, corporation or other legal entity, any Trade Secrets or other information or knowledge concerning the methods of operation and promotion of the Franchisor's System, or used for or employed by Franchisor in and about its business and which may be communicated to such person, or which such person may be apprised of by virtue of its operation under the terms of this Agreement, nor will such person do any acts prejudicial or injurious to the goodwill of Franchisor.

14.3. Other Employment. During the Term of this Agreement and for a period of two (2) years after Transfer, termination or expiration of this Agreement for any cause, the Franchisee shall not, and if Franchisee is a corporation or other legal entity, its officers, directors, shareholders, partners, managers and members shall not, in any capacity, directly or indirectly, except with the written consent of Franchisor, enter the employment of, or render services to, any other Person engaged in any business which is the same or substantially similar to the type of business covered by this Agreement or delivering services that are the same as or substantially similar to the Services in any location for which any of the Names and Marks is registered, nor engage in such business on their own account, or become interested therein, directly or indirectly, as an individual, partner, member, officer, director, shareholder or in any other relation or capacity whatsoever.

## 15. ASSIGNMENT, TRANSFER, AND ENCUMBRANCE

15.1. By Franchisor. This Agreement is fully assignable by Franchisor in whole or in part, and will inure to the benefit of and be binding on any assignee or other legal successor to Franchisor's interest in this Agreement; provided, however, Franchisor will not assign this Agreement to any party unless Franchisor, in Franchisor's Reasonable Business Judgment, determines that such party is able to perform all Franchisor's obligations set forth in this Agreement.

15.2. By Franchisee. Franchisee will not assign, pledge, or encumber this Agreement or the Franchised Business without prior written approval of Franchisor. Any Transfer in violation of this Article 15 shall be an Unauthorized Transfer. This Agreement and the Franchised Business are personal to Franchisee and, except as provided in Section 15.3 below, neither this Agreement nor any part of the ownership in the Franchised Business may be voluntarily or involuntarily, directly or indirectly, assigned, subdivided, sub-franchised, or otherwise transferred by Franchisee (including, without limitation, any such attempted transfer by Franchisee's personal representatives in the event of Franchisee's death, or by will, declaration of trust, or the laws of intestate succession) without Franchisor's prior written approval, which approval Franchisor may grant in its sole discretion. If Franchisor grants such approval, it will be conditioned on the following:

- (a) Franchisee paying Franchisor all amounts due under this Agreement. Franchisee paying the Franchisor a transfer/training fee equal to the greater of (i) \$15,000.00 or (ii) 5% of the gross sale or transfer price. The transfer/training fee, which will include, but not be limited to, reasonable attorneys' fees actually incurred, the cost of investigating the transferee, and Franchisor's administrative expenses, including employee salaries, sales staff commissions, travel costs, telephone charges, and out-of-pocket costs, properly attributable to the transfer, the cost of training the transferee, which will include, but not be limited to, the transportation, food, lodging, salary expenses, and benefit costs of Franchisor's employees involved in such training;
- (b) The transferee executing Franchisor's then-current form of franchise agreement and which may contain financial terms different from those contained in this Agreement. The transferee will also execute such other documents as Franchisor then customarily uses to grant franchises;
- (c) Franchisee executing a general release, in form Franchisor prepares, of any and all claims against Franchisor and Franchisor's affiliates, directors, officers, shareholders, employees, and agents, and the successors and assigns of Franchisor and any of them;
- (d) Franchisee executing a non-competition agreement that is consistent with Section 15.4 above, and which will provide that; (i) Franchisee will not for a period of two (2) years after the transfer have any interest or involvement, directly or indirectly, in any similar business; and (ii) Franchisee will not influence or attempt to influence Franchisee's former or existing customers to divert their business from Franchisor or another franchisee;
- (e) The transferee purchasing all of Franchisee's assets used in the Franchisee's Franchised Business;
- (f) The transferee being a Person (whether individual or entity) having adequate financial resources who will have completed Franchisor's then-standard Pre-Opening

Training for franchisees, and who Franchisor determines in Franchisor's Reasonable Business Judgment is otherwise capable of operating a franchise;

- (g) Compliance by Franchisee and the transferee with such other requirements as Franchisor deems appropriate in Franchisor's Reasonable Business Judgment;
- (h) Written notification of at least 30 days identifying whom Franchisee wishes to sell and/or transfer to;
- (i) Review and approval of the terms of the sale or transfer to another person by Franchisor. Minimum of 10 days for Franchisor to review such sale or transfer;
- (j) Approval of entity or person Franchisee wishes to sell to. They will be required to do several things, including but not limited to, completing a franchise application, receiving a credit check, and going through Franchisor's screening process.

15.3. Assignment to Entity. A Franchisee who is an individual may assign this Agreement without charge, once only, to a newly-formed entity that will conduct no business other than the Franchised Business, which Franchisee actively manages, and in which Franchisee owns and controls all of the equity and voting power. Such assignment will not relieve Franchisee of Franchisee's personal obligations to Franchisor under this Agreement. To effectuate this assignment, Franchisee and Franchisee's entity will execute Franchisor's then-current form of Entity Assignment Agreement.

15.4. Transfer Among Franchisees. In the event that Franchisee consists of two or more individuals, Franchisor will not unreasonably withhold Franchisor's consent to a sale, assignment, or transfer of any kind (a "Transfer") of the interest of one Franchisee under this Agreement (the "Transferor") to the other or others (whether one or more, the "Transferee"); provided, however:

- (a) The Transferor must transfer all of his or her interest in this Agreement;
- (b) The Transfer will not relieve the Transferor of his or her obligations under this Agreement to Franchisor;
- (c) The Transfer will be completed in accordance with all applicable bulk sales legislation;
- (d) The Transferor will give Franchisor at least thirty (30) days' prior written notice of the proposed Transfer together with all details of the Transfer that Franchisor request; and,
- (e) The Transferee is capable, in Franchisor's Reasonable Business Judgment, of operating the Franchised Business without the Transferor.

15.5. Franchisee's Death or Incapacity. On Franchisee's death or permanent incapacity, Franchisee or Franchisee's estate may assign this Agreement and the Franchised Business to Franchisee's spouse, or to any one or more of Franchisee's adult children, on the same terms and conditions as Franchisee is permitted to assign this Agreement to a third-party transferee pursuant to Section 15.2 above. For the purposes of this Agreement, "death or permanent incapacity" will be

deemed to have occurred if, due to mental or physical infirmity, Franchisee fail to participate actively in the Franchised Business for a total of ninety (90) days at any time or times throughout any 365-consecutive-day period. Your estate or representative must complete this assignment within 6 months after your death or disability or your franchise may be terminated.

15.6. Franchisor's Right of First Refusal. If Franchisee determines at any time to sell the Franchised Business or an ownership interest in the Franchised Business, Franchisee will obtain a *bona fide* executed written offer to purchase the Franchised Business and all assets Franchisee uses in the Franchised Business from a responsible and fully-disclosed purchaser, and will submit an exact copy of such offer to Franchisor. Franchisor will, for a period of twenty (20) days from the date Franchisor receives such documented offer, have the right, but not the obligation, exercisable by written notice to Franchisee, to purchase all of the Franchised Business and its assets for the price (minus any sales commission that would have been payable as a result of the proposed sale and on the terms and conditions contained in such offer); provided, however, Franchisor may substitute cash for any other form of consideration proposed in such offer. Franchisor may deduct from the purchase price any unpaid debts Franchisee owes Franchisor and may pay out of the purchase price any of Franchisee's unpaid trade creditors. If Franchisor does not exercise Franchisor's right of first refusal, Franchisee may complete the sale of the Franchised Business to such purchaser on the same terms as offered to Franchisor, subject to the provisions of Section 15.2 of this Agreement. If the sale to such purchaser is not completed within sixty (60) days after delivery of such offer to Franchisor, or if the purchaser makes any proposed material modifications to the offer, Franchisor will again have the right of first refusal set forth in this Section 15.6.

15.7. Franchisor's Temporary Operation of Business. In the event that Franchisee:

(a) Fails to conduct the Franchised Business during the hours of business Franchisor specifies;

(b) Abandons the Franchised Business; or

(c) Dies or becomes permanently incapacitated (as described in Section 15.5 above), and Franchisee or Franchisee's estate, as the case may be, fail to assign this Agreement by means of an assignment (with Franchisor's approval) pursuant to Sections 15.2 or 15.5 of this Agreement;

(d) Then unless and until Franchisor terminates this Agreement pursuant to Section 14 hereof, Franchisor may enter the Operating Territory and operate and manage the Franchised Business for Franchisee or Franchisee's estate's account until this Agreement is terminated or assigned to a party acceptable to Franchisor, or until Franchisee resumes control over the Franchised Business and operates it in accordance with this Agreement; provided, however, no such operation and management by Franchisor will continue for more than ninety (90) days without Franchisee's written consent or the written consent of the representative of Franchisee's estate. In the event that Franchisor so operates the Franchised Business, Franchisor will account to Franchisee or Franchisee's estate for all net income from such operation, less the reasonable expenses Franchisor incurred in, and a reasonable management fee for, Franchisor's operation of the Franchised Business.

## 16. BREACH AND TERMINATION

16.1. Events of Default. The following, subject to the notice requirements of Section 16.2 below, shall constitute “Events of Default”:

- (a) Any monies payable by Franchisee to Franchisor are not paid as and when due and payable;
- (b) There shall be any failure or omission in the full and faithful performance and observance of any of the terms, conditions and limitations of this Agreement on Franchisee's part to be performed or observed (other than the payment of monies);
- (c) There shall be filed by or against Franchisee, in any court pursuant to any statute, either of the United States or any state, a petition for any relief under the Federal Bankruptcy Act or for reorganization or for the appointment of a receiver or trustee for the property of Franchisee, which is not vacated within a period of twenty (20) days, or Franchisee shall be adjudicated bankrupt or insolvent within the meaning of insolvency in either Bankruptcy Act proceedings or equity proceedings, or shall make a general assignment for the benefit of creditors, or, admit in writing its inability to pay its debts as they mature, or, as debtor, take the benefit of the provisions of any debtor relief act, whether now or hereafter enacted;
- (d) Franchisee by its action or inaction, effects an incident which may reasonably be expected to materially impair the goodwill associated with the Names and Marks;
- (e) Franchisee commits any act which constitutes good cause for termination as determined under the law of the state in which the Franchised Business is operated.
- (f) Franchisee shall engage in any Unauthorized Transfer as provided in Section 15.2 of this Agreement;
- (g) The occurrence of an Event of Default under any other Franchise Agreement or other agreement between the Franchisee or any Affiliate of the Franchisee, on the one hand, and Franchisor or any of its Affiliates, on the other hand.

16.2. Notice of Default. Upon the occurrence of an Event of Default as defined in Section 16.1 above, other than the payment of monies as defined in Section 16.1(a), Franchisor shall give Franchisee written Notice of Default which must be cured by Franchisee as of the date of the Notice if the Event of Default is one which is incapable of cure by Franchisee or within thirty (30) days after the date of the Notice, unless a longer period is required under the laws of the state in which the Franchised Business is operated. In addition, for an Event of Default under Section 16.1(a), Franchisor may also give written notice to any lender of Franchisee. For any Event of Default which by its nature is incurable, Franchisor shall have a right to immediately terminate the Franchise Agreement without any required cure period.

16.3. Termination. Upon the occurrence of any Event of Default and compliance with the notice requirements of Section 16.2 and upon Franchisee's failure to timely cure, Franchisor may terminate this Agreement by delivering to Franchisee a written Notice of Termination. This Agreement shall not be terminated until the delivery of the Notice of Termination to Franchisee.

16.4. Obligations of Franchisee Upon Termination or Expiration. Upon termination or expiration of this Agreement for any reason, the Franchisee shall cease to be a licensed franchisee of Franchisor and Franchisee hereby covenants:

- (a) To pay to Franchisor all fees and other charges owed or accrued to Franchisor on or before the first day of the month following the date of termination or expiration;
- (b) Not to hold itself out as a Franchisee of Franchisor and to cease all use of the Names and Marks, Trade Secrets and Copyrighted Materials;
- (c) To deliver and surrender up to Franchisor each and all of the Names and Marks, and any physical objects bearing or containing any of the Names and Marks, or, at Franchisor's election, to obliterate or destroy any Names and Marks in Franchisee's possession;
- (d) To take all necessary steps to disassociate itself from Franchisor, including, but not limited to, the removal of signs, destruction of letterhead, disconnecting of all telephone numbers listed under any of the Names or Marks or under any confusingly similar name and, upon Franchisor's request, transferring all such numbers and listings to Franchisor or its designee;
- (e) To take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any Names or Marks;
- (f) To furnish evidence satisfactory to Franchisor of compliance with this Section within the thirty (30) calendar days after the termination or expiration under this Agreement; and
- (g) If Franchisee fails to promptly complete any of the foregoing steps, Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact to complete the foregoing steps for and on the behalf of the Franchisee.

16.5. Franchisor's Right Upon Termination or Expiration. As additional consideration for this Agreement, Franchisee hereby gives and grants to Franchisor and its designees, the unrestricted right and option, exercisable upon the occurrence of an Event of Default described in Section 16.1 above, and subject to the notice requirements of Section 16.2 above, or upon the occurrence of an Election Not to Renew as defined in Section 5.2 of this Agreement, to purchase (i) all or any portion of the Personal Property (consisting of all furniture, equipment, supplies, other chattels, intangibles and other personal property) in use in the Franchised Business, and/or (ii) all right, title and interest in and to any leasehold of the studio facility. Franchisor or its designee may exercise this right and option by delivering to Franchisee a written Notice of Exercise on or before the date which is thirty (30) days after Franchisor's delivery of a Notice of Termination of this Agreement; the expiration of this Agreement after Franchisee's Election Not to Renew; or the determination of the exercise price. This right and option is in addition to any other remedies available to Franchisor at law or pursuant to this Agreement.

Franchisee hereby acknowledges and agrees that Franchisor may file security agreements with respect to the Personal Property with the Secretary of State (or similar public official) for the state in which

the Personal Property is located. Franchisee further acknowledges and agrees to cooperate with Franchisor's determination of the exercise price as provided below.

The exercise price for the Personal Property shall be the value of such property then shown on Franchisee's books and records for federal income tax purposes. Franchisee covenants and agrees that it will not, without the prior written consent of Franchisor, remove any of the Personal Property from the studio facility prior to the expiration of this right and option. The exercise price for the leasehold interest, if acquired from Franchisee rather than directly from the landlord, shall be its discounted present value at the prime rate published in the Wall Street Journal.

## 17. FRANCHISEE'S RIGHTS AND OBLIGATIONS ON TERMINATION OR EXPIRATION

17.1. Payment of Amounts Owed. Franchisee agrees that within ten (10) days after the effective date of termination or expiration of this Agreement, Franchisee will pay all amounts Franchisee owes to Franchisor and any affiliate of Franchisor's, and Franchisee will pay Franchisor's trade and other creditors that are then unpaid. All periodic payments will be deemed to accrue daily and will be adjusted accordingly.

17.2. Return of Operations Manuals and Retention of Records. Franchisee agrees that within five (5) days after the effective date of termination, transfer, or expiration of this Agreement, Franchisee will return to Franchisor all copies of all Confidential Information Franchisee previously received from Franchisor; including, without limitation, all Operations Manuals, and a complete list of Franchisee's past and present customers, including their addresses, emails, telephone numbers and any notes or history with the communication of Franchisee's customers. Franchisee will retain all business records described above in Section 13 of this agreement (including ledgers, sales reports, accounts, and checks) for at least six (6) years after the effective date of termination or expiration and will keep Franchisor advised of the location of such records. Franchisee will permit Franchisor to inspect such records at any time during normal business hours.

17.3. Cancellation of Names and Discontinue Use of Names and Marks. Franchisee agrees that within five (5) days after the effective date of termination or expiration of this Agreement, Franchisee will cancel any trade names or d.b.a. names using Franchisor's name or any of the Names and Marks. Substantial damages that are difficult to determine at the date of execution of this Agreement will accrue to Franchisor if Franchisee does not complete with the requirements and obligations upon the expiration or termination of this Agreement. Upon expiration or termination of this Agreement, Franchisee will immediately cease using the Names and Marks (or any names or marks deceptively similar to them).

17.4. Termination of Licenses to Use Software, Confidential Information. Franchisee agrees that within five (5) days after the effective date of termination or expiration of this Agreement: (i) all rights, licenses and authorizations to use software and apps provided by Franchisor will immediately terminate and that Franchisee will (A) immediately cease all use of and other activities with respect to other software and apps provided by Franchisor; (B) Franchisee will deliver to Franchisor, or at Franchisor's written request destroy, and permanently erase from all devices and systems Franchisee directly or indirectly controls, the shared Google Drive folders and files, and all other software and apps provided by Franchisor, along with any copies of Franchisor's Confidential Information, including all documents, files, and tangible materials (and any partial and complete copies) containing, reflecting, incorporating, or based on any of the foregoing, whether or

not modified or merged into other materials; and (C) certify to Franchisor in a signed written instrument that Franchisee has complied with the requirements of this Section 17.4.

17.5. Franchisor's Right to Purchase. In the event this Agreement is terminated for any reason or is not renewed, Franchisor will have the right, but not the obligation, exercisable by written notice delivered to Franchisee at any time after delivery of a notice of default under this Agreement or within thirty (30) days after the date of termination or expiration, to purchase all or part of Franchisee's physical assets used in the Franchised Business except Franchisee's personal assets. There will be no compensation for goodwill, and the purchase price for such assets will be equal to their fair market value less such goodwill. All proprietary materials, tools and signs associated with the operation of Franchisee's Franchised Business must be returned. If Franchisee and Franchisor cannot agree on the purchase price for the assets that Franchisor desire to purchase within ten (10) days following Franchisor's exercise of Franchisor's option to buy, the fair market value shall be deemed to be the values described above in Section 17.5. The closing of the purchase will take place at a location, and on a date, Franchisor choose in Franchisor's Reasonable Business Judgment, and will be completed in accordance with all applicable bulk sales legislation. At closing, Franchisee will deliver to Franchisor a bill of sale for the assets, in a form acceptable to Franchisor. Franchisor will be entitled to set off against the purchase price any amounts Franchisee then owe Franchisor or any affiliate of Franchisor, and to pay out of the purchase price any of Franchisee's unpaid creditors. The exercise prices may be paid in a lump sum, or in up to twelve (12) equal monthly installments. In addition, and whether or not Franchisor purchase Franchisee's business assets, Franchisor has the right, upon termination or non-renewal, to assume Franchisee's lease for Franchisee's business premises and take over possession of such premises.

17.6. Continuing Obligations. All obligations of the parties hereto that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Sections 11, 14, 16, and 17 hereof will survive termination or expiration of this Agreement.

17.7. Signs and Appearance of Franchisee's Business Premises. After the termination or expiration of the Franchised Business, Franchisee agree that Franchisee will immediately make such removals of or changes in signs and colors as Franchisor reasonably request so as to distinguish the Franchised Business, its premises, and its vehicles from those of any other Franchised Business. If Franchisee fails to make such changes immediately, then Franchisor may enter on such premises or take temporary possession of such vehicles and make such changes at Franchisee's expense without such action constituting a trespass.

17.8. Transfer of Domain Names, Phone Numbers, and Websites. On termination or expiration of this Franchise Agreement, Franchisee shall authorize all telephone, internet, email, electronic network, social media accounts, directory and listing entities, etc. to transfer all numbers, addresses, domain names, locators, directories and listings to Franchisor or Franchisor's designee. Franchisee appoints Franchisor as Franchisee's agent and attorney-in-fact to effect the transfer of these numbers, addresses, domain names, and listings to Franchisor. Franchisee acknowledges and agrees that Franchisor will have the absolute right to notify InterNIC, ICANN, and all other Internet authorities of the termination or expiration of Franchisee's right to use all domain names, phone numbers, websites, and other search engines for the Franchised Business and to authorize the above and such other search engines to transfer to Franchisor or Franchisor's designee all domain names, phone numbers, websites, and search engines associated with the Franchised Business. Franchisee

acknowledges and agrees that Franchisor has the absolute right to, and interest in, all domain names, websites, and search engines related to the Franchised Business (the “Digital Assets”) and that Franchisor has the full right and authority to direct the Digital Assets and to instruct all search engines to transfer Franchisee’s domain names, websites, and search engines to Franchisor or Franchisor’s designee if this Franchise Agreement expires or is terminated for any reason. Franchisee further acknowledges that this Agreement will constitute a release by Franchisee of the above and all other search engines from any and all claims, liabilities, actions, and damages that Franchisee may, at any time, have the right to allege against them in connection with this Section 17.8 or because such entities follow Franchisor’s instructions.

17.9. Transfer of Vendor Accounts. On termination or expiration of this Franchise Agreement, Franchisee shall be cooperative in authorizing all vendors, suppliers, distributors, retailers and other accounts to transfer account information, including but not limited to, logins, passwords, account history, customer service contacts, territory representative contacts and any other information Franchisor feels is needed to complete the transition.

## 18. ARBITRATION

Any dispute, controversy or claim arising out of or in relation to this Agreement, or any modification thereof, or the breach thereof (including, but not limited to contract, tort and statutory claims) shall be settled by confidential and binding arbitration under the auspices of the American Arbitration Association, pursuant to its Commercial Arbitration Rules and judgment rendered on the arbitration award may be entered in any court having jurisdiction thereof. The costs of the arbitration will be borne equally by the parties. The Franchisor and Franchisee agree that Salt Lake City, Utah shall be the site for all hearings held under this Article, and that no party shall pursue class claims and/or consolidate the arbitration with any other proceedings to which the Franchisor or Franchisee is a party.

Any disputes concerning the enforceability or scope of this Article shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. §1 *et seq.* (the “FAA”), and the Franchisee acknowledges that, notwithstanding any contrary language in this Agreement or in the Franchise Disclosure Document, the FAA preempts any state law restrictions on the enforcement of this Article in this Agreement according to its terms, including any restrictions on the site of the arbitration.

If any provision of this Article is unenforceable, that provision is severable from the remainder of this Article, and the balance of this Article shall remain in full force and effect. In addition, any ruling invalidating any other portion of this Agreement shall not affect the validity of this Article.

Notwithstanding any other provision of this Article, Franchisor may bring an action for injunctive relief in any court having jurisdiction to enforce the Franchisor’s trademark or proprietary rights, in order to avoid irreparable harm to the Franchisor, its affiliates, or the franchise System as a whole.

The sole entity against which the Franchisee may seek damages or any remedy under law or equity for any arbitrable claim is Franchisor or its successors or assigns. The Franchisee agrees that the shareholders, directors, officers, employees, agents and representatives of the Franchisor and of its affiliates, shall not be liable on or named as a party in any litigation or other proceedings commenced by the Franchisee where the claim arises out of or relates to this Agreement. The Franchisee further agrees that each of the foregoing parties are intended beneficiaries of this Article, and that all claims against them that arise out of or relate to this Agreement must be resolved through arbitration with Franchisor.

If, before an Arbitrator’s final decision, either Franchisor or Franchisee commences an action in any court of a claim that arises out of or relates to this Agreement (except for the purpose of enforcing this

Article or as otherwise permitted by this Agreement), that party will be responsible for the other party's expenses of enforcing this Article, including court costs, arbitration filing fees and attorneys' fees.

## 19. GENERAL PROVISIONS

19.1. Governing Law/Venue. Except as otherwise provided in this Agreement, and specifically except for disputes subject to Section 18 providing for arbitration of all non-injunctive matters, and to the extent governed by state franchise laws requiring exclusive application, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or any other federal law, this Agreement will be construed in accordance with, and be governed by the laws of the State of Utah, without regard to its conflict of law principles. Franchisee agrees that all actions related to this Agreement will be tried in any state or federal court of general jurisdiction in the County of Salt Lake, State of Utah, and Franchisee irrevocably submits to the jurisdiction of such courts and waives any objection Franchisee may have to the jurisdiction or venue of such court. To the extent permitted by law, and except as otherwise permitted under this Agreement, Franchisee and Franchisor waive any right or claim for any punitive or multiplied damages against the other and agree that in the event of a dispute between Franchisee and Franchisor, each will be limited to the recovery of actual damages sustained. Furthermore, Franchisee and Franchisor, to the extent permitted by law, irrevocably waive trial by jury on any action, proceeding or counterclaim, whether at law or equity, brought by either against the other. To the extent permitted by applicable law, any and all claims related to this Agreement or the relationship between Franchisee and Franchisor will be barred unless an action or proceeding is commenced within one year from the date on which Franchisee and Franchisor knew or should have known, in the exercise of reasonable investigation, of the facts giving rise to such claims. This limitation of claims will not apply to claims or proceedings for the recovery of monies owed under this Agreement.

19.2. Compliance with Local Law. If an applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement that is required under this Agreement, or the taking of some other not required under this Agreement, the prior notice or other action required by such law or rule will be substituted for the notice requirements set forth in this Agreement. Such modifications of this Agreement will be effective only in such jurisdiction and will be enforced as originally made and entered into in all other jurisdictions.

19.3. Cost of Enforcement. Except as otherwise provided in this Agreement, , and specifically except for disputes subject to Section 18 providing for arbitration of all non-injunctive matters, should either party incur attorneys' fees in order to enforce the terms and conditions of this Agreement, including post-Term covenants, whether or not a legal action is instituted, the party not in default shall be entitled to reimbursement of such attorneys' fees and costs, in addition to any other remedies either party may have at law or in equity. Should any legal action be instituted, the prevailing party shall be entitled to recover all litigation costs, including attorneys' fees.

19.4. Enforcement. Except as otherwise provided in this Agreement, , and specifically except for disputes subject to Section 18 providing for arbitration of all non-injunctive matters, if a dispute arises, Franchisee and Franchisor agree to participate in at least six hours of mediation in accordance with the mediation procedures of the US Arbitration & Mediation Service or of any similar organization that specializes in the mediation of commercial business disputes. Franchisee and Franchisor agree to equally share the costs of mediation. Franchisee acknowledges that any failure by Franchisee to comply with the terms of this Agreement could cause Franchisor irreparable harm that may not be compensable by the payment of money; and, therefore, Franchisee

agree that Franchisor will be entitled to appoint a receiver of the Franchised Business and to seek to obtain declarations, temporary and permanent injunctions, and orders of specific performance enforcing the provisions of this Agreement related to Franchisee's use of the Names and Marks, Franchisee's obligations on termination or expiration of this Agreement, and assignment of this Agreement, and to prohibit any act or omission by Franchisee, or any employee of Franchisee, that constitutes a violation of any applicable law, by-law, or regulation, is dishonest or misleading to customers or prospective customers of a Franchised Business; or constitutes a danger to employees, team members, customers, or to the public; or that may impair the goodwill associated with the Names and Marks. If Franchisor secures any such injunction, declaration, or order of specific performance, or bring any proceeding to enforce the provisions of this Agreement, Franchisee agree to pay to Franchisor an amount equal to the aggregate of Franchisor's reasonable costs of obtaining such relief including, without limitation, attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses, and any damages related to the breach of any such provision.

19.5. Time of the Essence. In all respects, time will be of the essence to this Agreement.

19.6. Severability. All provisions of this Agreement are severable. In the event that any provision of the Agreement is ruled by a court, agency, or arbitrator having jurisdiction over the subject matter and the parties to be invalid or unenforceable, this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained in this Agreement; and all partially valid and enforceable provisions will be enforced to the extent they are intelligible, valid, and enforceable. If any provision of this Agreement that restricts competitive activity is declared invalid or unenforceable due to its scope, geographic restriction, or length of time, but could be enforceable if any of the foregoing are reduced, Franchisee agree that the restrictions will be enforced to the fullest extent permitted by law in the jurisdiction in which Franchisor seek enforcement.

19.7. Force Majeure. Neither party to this Agreement will be liable for any loss or damage due to any delay in the due performance of the terms of this Agreement (except for the payment of money) by reason of strikes, lockouts, fires, riots, wars, embargoes, civil commotion, pandemics or acts of God or any related governmental restriction of activity rendering performance impracticable during such event. Any such delay will extend performance only so long as such an event is in progress.

19.8. Waiver of Obligations and Amendments. Either party to this Agreement may, by written instrument delivered to the other, unilaterally waive any obligation of, or restriction placed solely on, the other party under this Agreement. No acceptance by Franchisor of any payment by Franchisee, and no failure, refusal, or neglect of Franchisor or Franchisee to exercise any right under this Agreement or to insist on full compliance by the other with its obligations under this Agreement, will constitute a waiver of any provision in this Agreement. Any waiver Franchisor grants will be without prejudice to any other rights Franchisor may have and may be revoked at any time, and for any reason, by written notice. No failure, refusal, or neglect of the parties to this Agreement to exercise any rights contained in this Agreement will be deemed a waiver of such rights unless notice is given in writing as provided in this Agreement. Any modification or amendment to this Agreement, except as noted above, will be in writing signed by all parties to this Agreement.

19.9. Successors Bound. This Agreement will inure to the benefit of, and be binding on, the parties to this Agreement and their permitted heirs, representative, successors and assignees.

19.10. Joint and Several Liability. In the event that Franchisee consists of more than one person, entity, or combination of the two, Franchisee's liability under this Agreement will be both joint and several. A breach of this Agreement by one such person or entity will be deemed to be a breach by both or all persons or entities.

19.11. Construction. The headings of the several sections and paragraphs of this Agreement are for convenience only and do not define, limit, or have any effect on the construction of the contents of such sections or paragraphs. The term "Franchisee" as used in this agreement is applicable to one or more persons, a corporation, a limited liability company, or a partnership, as the case may be, and the singular usage (where applicable) includes the plural, and the masculine and neuter usages (where applicable) include the other and the feminine.

19.12. Entire Agreement. This Agreement including Schedules and any other documents expressly referred to herein or otherwise attached hereto, sets forth the sole and entire agreement between the parties and to the extent permitted by law supersedes all prior discussions, understandings, statements, representations, and agreements between the parties with respect to the matters contained herein. The parties expressly confirm that there are no other oral or written agreements, "side-deals," arrangements, or understandings between them except as set forth herein. No modification, amendment, or waiver of this Agreement, or any provision hereof, will be binding on either party unless evidenced by an instrument in writing duly signed by an authorized officer or employee of the party against whom enforcement is sought. Franchisee acknowledges and agrees that Franchisee has not been induced to enter into this Agreement in reliance on, nor as a result of, any statements, representations warranties, covenants, promises, or inducements whatsoever, whether oral or written, and whether directly related to the contents hereof or collateral thereto, made by Franchisor or Franchisor's affiliates, directors, officers, shareholders, employees. Franchisee acknowledges that Franchisor has granted Franchisee the Franchise in reliance on the information Franchisee supplied to Franchisor in Franchisee's application for a Franchise.

19.13. Withholding Payments. Franchisee will not, for any reason, withhold payment of any Franchise Royalties, Advertising & Promotion Fees, Invoices, or any other fees or payments due to Franchisor under this Agreement. Franchisee will not have the right to withhold or offset any liquidated or unliquidated amounts, damages, or other monies allegedly due to Franchisee by Franchisor against any Franchise Royalties, Advertising & Promotion Fees, or any other fees due to Franchisor under this Agreement. No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor will be construed as an acknowledgement of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to Franchisor's right to recover the balance due or pursue any other remedy provided in this Agreement or by law. Franchisor may set off sums Franchisor owes Franchisee against any unpaid debts Franchisee owes Franchisor.

19.14. Rights of Parties Are Cumulative. The rights of the parties under this Agreement are cumulative, and no exercise or enforcement by a party of any right or remedy under this Agreement will preclude the exercise or enforcement by that party of any other right or remedy contained in this Agreement, or to which it is entitled by law.

19.15. Independent Contractors. The parties to this Agreement are independent contractors and no training, supervision, or assistance Franchisor gives will be deemed to negate such independence. Franchisee acknowledges that the success of the Franchised Business depends substantially on Franchisee's own efforts and on circumstances beyond Franchisor's control, such as general economic conditions, pandemic, market trends, and the economic conditions in Franchisee's Operating Territory, competition, and ability to defend Franchisor's Names and Marks, and Franchisee hereby assumes the sole responsibility for its success or failure. Franchisee will conspicuously identify itself at the Franchised Business premises as the owner or tenant, as the case may be, of the premises and a licensed franchisee of Franchisor. Neither party to this Agreement will make any agreements, representations, or warranties (except by Franchisor in advertising as provided for in this Agreement) in the name of, or on behalf of, the other, or that their relationship is other than that of franchisor and franchisee; neither party hereto will be obligated by nor has any liability for, any agreements, representations, or warranties made by the other (except by Franchisor in advertising as provided for in this Agreement); nor will Franchisor be liable for any damages to any person or property, directly or indirectly, related to Franchisee's operation of the Franchised Business. Franchisor will have no liability for any sales, use, exercise, income, property, or other tax levied on the Franchised Business or its assets related to the services Franchisee perform.

19.16. Notices. Any notice, request, or demand that the parties to this Agreement may be required or permitted to give to the other party (collectively the "Notice") will be in writing and will be delivered by: (i) personal delivery; (ii) email; (iii) courier delivery by a national courier service, such as Federal Express, or UPS, for overnight delivery; or (iv) prepaid certified mail; and will be deemed given on the earlier of: (a) receipt; (b) refusal to accept delivery; (c) copy printout of email communication sent; or (d) three (3) business days after deposit in the mail. All such notices will be addressed as shown on the first page or Schedule A of this Agreement, to the site of the Franchised Business in case of notices given to Franchisee, or to such other address as may be designated by a party to this Agreement by written notice to the other party.

19.17. Further Assurances. Each party to this Agreement will execute and deliver such further instruments, contracts, forms, and other documents, and will perform such further acts, as may be necessary or desirable to carry out, complete, and perform all terms, covenants, and obligations contained in this Agreement.

19.18. Schedules. The following schedules form part of this Agreement:

Schedule A - Description of Franchisee's Operating Territory

FRANCHISOR HAS NOT MADE ANY REPRESENTATIONS, PROMISES, GUARANTEES, PROJECTIONS, OR WARRANTIES OF ANY KIND TO FRANCHISEE, FRANCHISEE'S OWNERS, OR THE GUARANTORS TO INDUCE THE EXECUTION OF THIS AGREEMENT OR CONCERNING THIS AGREEMENT EXCEPT AS SPECIFICALLY SET FORTH IN WRITING IN THIS AGREEMENT AND IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT THAT FRANCHISOR DELIVERED TO FRANCHISEE. FRANCHISEE ACKNOWLEDGES THAT NEITHER FRANCHISOR NOR ANY OTHER PARTY HAS GUARANTEED FRANCHISEE'S SUCCESS IN THE BUSINESS CONTEMPLATED BY THIS AGREEMENT.

IN WITNESS WHEREOF, the parties to this Agreement, on their own behalf or by their duly authorized representatives and intending to be legally bound, hereby have duly executed and delivered this Agreement in multiple counterparts, any of which will have the effect of an original and all of which, when taken

together, will constitute one and the same instrument, as of the Effective Date first above written.

FRANCHISOR:  
SET THE STAGE, INC.

By \_\_\_\_\_  
Courtney Clark, CEO  
Dated: \_\_\_\_\_

FRANCHISEE:  
\_\_\_\_\_  
\_\_\_\_\_  
Printed Name  
Dated: \_\_\_\_\_

FRANCHISEE:  
\_\_\_\_\_  
\_\_\_\_\_  
Printed Name  
Dated: \_\_\_\_\_

**SET THE STAGE®**

FRANCHISE AGREEMENT

SCHEDULE A

DESCRIPTION OF FRANCHISEE'S OPERATING TERRITORY

Franchisee's Operating Territory will be: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Franchisee's Marketing Territory will be: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Initial Franchise Fee: \$

Franchisee's Principal Business Address is: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Agreed To:

---

Franchisor

---

Franchisee

---

Franchisee

**EXHIBIT E**  
**TO**  
**SET THE STAGE, INC.**  
**FRANCHISE DISCLOSURE DOCUMENT**  
  
**RENEWAL & RELEASE AGREEMENT**

THIS AGREEMENT (the "Agreement") is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Effective Date"), by and between SET THE STAGE, INC. (the "Franchisor"), a Utah corporation with its principal place of business at 10446 S 1055 W, Ste 101, South Jordan, Utah 84096; and \_\_\_\_\_ ("you"), whose principal address is \_\_\_\_\_.

On or about the following date, you and Franchisor entered into a Set The Stage® franchise agreement (the "Franchise Agreement") for the operation of a franchise at the following location: \_\_\_\_\_.

You desire to renew the Franchise Agreement on the terms of our current franchise agreement forms. You desire to release us from any and all claims whatsoever arising out of the negotiation, execution, delivery, and performance of the Franchise Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, and for other valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, you and Franchisor agree as follows:

1. Renewal of Franchise Agreement.

a. The Franchise Agreement, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties is terminated. The provisions of the Franchise Agreement concerning your obligations upon termination and renewal will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

b. Contemporaneously with execution of this Agreement, you agree to execute our current franchise agreement forms and pay the relevant renewal fee for the renewal of the franchise. These forms may vary materially from the Franchise Agreement. Royalty Fees, Marketing Fees and other fees will be set at the currently prevailing rates and terms.

c. You will pay to us the renewal fee outlined in your original Franchise Agreement.

d. You will refurbish and equip your franchise to conform to the current Operations Manual and standards of our system. This includes:

\_\_\_\_\_.

If Franchisor so require in our reasonable discretion, you or your designated manager will attend and successfully complete the following retraining programs at your expense, including travel, meals, lodging, and our current training fee.

2. Communication of Confidential Information. Neither you nor your owners, officers, directors, or other persons enumerated in the Franchise Agreement will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Franchise Agreement, the substance of the Set The Stage franchise operations manuals, or any other nonpublic information related to the operation of the Set The Stage franchise system. You represent and warrant that neither nor any listed individual has communicated or divulged any such information to anyone prior to the date of this Agreement. You will continue to comply with all the confidentiality requirements of the Franchise Agreement.

3. Release. You (and your owners, members, partners, officers, and directors) agree to the following general release, subject to and following laws applicable in your jurisdiction, to release us from any claims you may have against us:

In consideration of the mutual covenants and understandings set forth in this release agreement, you release and discharge us and our respective current and former owners, partners, directors, officers, employees and agents from all obligations, duties, covenants and responsibilities to be performed under the franchise agreement with us related to the franchise and the franchise premises (“your Prior Franchise Agreement”).

You release and forever discharge us and our respective current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of your Prior Franchise Agreement and any related agreements between you and us and out of any other action or relationship between you and us arising prior to the date of the release agreement. This shall not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW for a franchisee or franchised business in the State of Washington.

You and Franchisor will represent that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims, known or unknown, arising directly or indirectly out of your Prior Franchise Agreement and the relationship between you and us prior to the date of the renewal [transfer] agreement including, but not limited to, economic loss.

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arise under your Prior Franchise Agreement prior to the date of the renewal [transfer] agreement, including all effects and consequences.

These releases are intended to waive, release and discharge all claims against us, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases.

4. Miscellaneous Provisions. This writing constitutes the entire agreement between the parties. It supersedes all prior understandings among the parties with respect to its subject matter. This Agreement may not be modified or amended in a manner adverse to any party except by written agreement signed by that party.

Any party may seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any covenant contained in this Agreement. The prevailing party in any suit or action to enforce this Agreement will be entitled to recover its court costs and reasonable legal fees to be set by the court, including costs and legal fees on appeal.

If a dispute arises, you and Franchisor agree to participate in at least six hours of mediation in accordance with the mediation procedures of the US Arbitration & Mediation Service or of any similar organization that specializes in the mediation of commercial business disputes. You and Franchisor agree to equally share the costs of mediation.

This Agreement is executed in the State of Utah and will be governed by the laws of Utah, which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.). This choice of laws will not include and does not extend the scope of application of any Utah franchise or business opportunity laws. All issues or disagreements relating to this Agreement, will be mediated, tried, heard, and decided in Salt Lake County, Utah.

This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties.

IN WITNESS WHEREOF, the undersigned being duly authorized has executed this Agreement as of the Effective Date.

FRANCHISOR:

SET THE STAGE, INC.

By \_\_\_\_\_  
Courtney Clark, CEO

YOU:

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**EXHIBIT F  
TO  
SET THE STAGE, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
ASSIGNMENT TO ENTITY AGREEMENT**

ASSIGNMENT AND CONSENT TO ASSIGNMENT OF FRANCHISE  
TO ENTITY

This Assignment and Consent to Assignment of Franchise to Entity, dated \_\_\_\_\_ (“Assignment”), is by and among **SET THE STAGE, INC.**, a Utah corporation (“Franchisor”); \_\_\_\_\_ and \_\_\_\_\_ (collectively, the “Assignor”); [**Corporation/Partnership/LLC Name**], a \_\_\_\_\_ [corporation/partnership/limited liability company] (“Assignee”); and those [shareholders/partners/members] of Assignee (individually [“Shareholder”/“Partner”/“Member”] and collectively [“Shareholders”/“Partners”/“Members”]) listed on Exhibit A attached hereto and incorporated herein by reference.

Recitals

A. Set The Stage or its predecessor in interest issued to Assignor or its predecessor(s) in interest a Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”), for the Set The Stage Franchise located at \_\_\_\_\_ (the “Franchise”).

B. Assignor requests Franchisor’s consent to transfer the rights in the Franchise to Assignee.

C. Assignor, Assignee, and [Shareholders/Partners/Members] acknowledge that Franchisor’s consent to this Assignment is required under the terms of the Franchise Agreement.

Agreement

The parties, intending to be legally bound and for good and valuable consideration, agree as follows:

1. The effective date of this Assignment is \_\_\_\_\_ (“Effective Date”).
2. Franchisor consents to this Assignment subject to the provisions of the Franchise Agreement and this Assignment.
3. On the Effective Date, Assignor assigns and transfers all the right, title, and interest of Assignor in the Franchise to Assignee, subject to the provisions of the Franchise Agreement.

4. Assignee must pay all fees and perform all obligations under the Franchise Agreement.

5. Assignor agrees to remain personally bound by, and personally liable for the breach of, each and every provision of the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, and is not released from any obligations to Franchisor by this Assignment. After the date of this Assignment, all references to Franchisee in the Franchise Agreement shall refer to both Assignor and Assignee both jointly and severally.

6. Without the prior written consent of Franchisor, Assignor, Assignee, and Shareholders may not, either voluntarily or by operation of law, make or permit:

- a) any further transfer or assignment of the Franchise or the Franchise Agreement;
- b) any pledge or encumbrance of the Franchise;
- c) any assignment, transfer, or pledge of any equity interest in Assignee including, but not limited to, transfers in any entity that is a Shareholder, Partner, or Member (as applicable);
- d) the creation of new or additional equity interests in Assignee; or
- e) any amendment of the terms of any organizational documents relating to Assignee.

Equity interests, as used in this Assignment, include direct or indirect equity or beneficial interests in Assignee and the business risks associated with the Franchise including, but not limited to, interests stated as debt that include any type of risk-taking interest or any interest in the profits or appreciation of the business.

6. Assignor, Assignee, and [Shareholders/Partners/Members] represent and warrant that:

- a) they are the only persons or entities with equity interests in Assignee and their ownership interests are as shown on Exhibit A; and
- b) there is no obligation or intention to issue additional equity interests in Assignee.

7. If any [Shareholders/Partners/Members] are trustees or trusts:

- a) the beneficial interests in the trusts may not be assigned, transfers to successor trustees or special trustees may not be made even if the transfer is provided for in any trust agreement, and the trust agreement may not be amended without the prior written consent of Franchisor;
- b) Exhibit A lists all persons who are trustees of any nature or have beneficial

interests in any [Shareholder's/Partner's/Member's] trust(s);

c) this Assignment is not a consent to any future transfers of equity interest(s) of Assignee to any [Shareholder's/Partner's/Member's] trust beneficiaries based on any condition including, but not limited to, attainment of a certain age or occurrence of any event. All future transfers or vesting of equity interest(s) of Assignee are subject to this Assignment; and

d) Franchisor has not reviewed any trust documents of any [Shareholder's/Partner's/Member's] trust; therefore, this Assignment does not constitute an approval by Franchisor of any documents relating to any [Shareholder's/Partner's/Member's] trust. If any of those documents conflict with or contradict the provisions of this Assignment or Franchisor ownership policies, Franchisor will not be bound by those documents and the provisions of this Assignment will control.

8. Franchisor has not reviewed any of Assignee's organizational documents; therefore, this Assignment does not constitute an approval by Franchisor of any documents relating to Assignee. If any of those documents conflict with or contradict the provisions of this Assignment or Franchisor ownership policies, Franchisor will not be bound by those documents and the provisions of this Assignment will control.

9. Assignor, Assignee, and [Shareholders/Partners/Members] acknowledge that: (i) Franchisor has not provided any tax or other advice in connection with this Assignment; (ii) Franchisor approval of this Assignment does not constitute tax advice; and (iii) Franchisor has not reviewed or evaluated the validity of Assignee or of any trusts or entities with an equity interest in Assignee.

10. Legend for Securities

To the extent applicable, any security issued by the entity shall bear the following legend:  
a) Assignor or Assignee must include the following legend on all issued and outstanding shares of stock of Assignee: This stock may not be pledged, sold, assigned or otherwise transferred, in whole or in part, voluntarily or by operation of law, without the prior written consent of Set The Stage, Inc. Any and all transfers are also subject to the terms of the Franchise, including the Franchise Agreement, or other applicable agreements, for each Franchisor Franchise operated by \_\_\_\_\_  
[Corporation].

b) If Franchisor requests, Assignor or Assignee must send to Franchisor a copy of all outstanding certificates of stock of Assignee.

11. No [Shareholders/Partners/Members] are granted approved owner/operator status by this Assignment. However, Assignee and [Shareholders/Partners/Members] must abide by those provisions of the Franchise Agreement relating to the maintenance and protection of the Franchisor System (as defined in the Franchise Agreement) including, but not limited to, those provisions requiring confidentiality and regulating involvement in other or similar residential care or assisted living businesses. A breach of this covenant is a material breach of the Franchise Agreement and entitles Franchisor to enforce all remedies available including, but not limited to, the termination of the Franchise.

12. The parties' respective successors, assigns, heirs, and personal representatives are bound by this Assignment. All obligations, agreements, representations, and warranties made by more than one party will be joint and several even if it is not so stated in the relevant paragraph.

13. At any time during normal business hours, Franchisor may examine and copy any of Assignor's, Assignee's, or any [Shareholder's/Partner's/Member's] records, books, financial records, tax returns, or other documents for the purpose of insuring compliance with the Franchise Agreement and this Assignment.

14. If Assignor, Assignee, or any [Shareholder/Partner/Member] breaches any of the conditions, representations, agreements, or warranties contained in this Assignment, Franchisor will be entitled to all relief and remedies available by law, and to all relief and remedies granted to Franchisor by the Franchise.

15. Assignor has notified all of Assignor's lien holders and lenders of this Assignment.

16. All terms and conditions of the Franchise Agreement remain in full force and effect except as modified by this Assignment including, but not limited to, the terms and conditions of Paragraph 13.3(c) of the Franchise Agreement in the event of the death of Assignor.

17. If Assignee's name or the name of any trust or entity with an equity interest in Assignee (collectively "Assignee's Name") contains any reference to "Set The Stage®", "STS™", or any derivative thereof, or any other Franchisor trademark, then Assignor, Assignee, and [Shareholders/Partners/Members] covenant and agree (i) that they will cause Assignee's Name to be changed, within 30 days after the Effective Date, to delete any such reference without further consideration from Franchisor; (ii) that they will not challenge Franchisor use of any trade name, trademark, or internet domain name on the grounds that it: (a) is similar to Assignee's Name; (b) is likely to cause confusion; or (c) dilutes the value of the trade name; and (iii) that Assignee's Name shall not be used in connection with any trade or business conducted by Assignor, Assignee, or [Shareholders/Partners/Members] except the Franchisor Franchise business.

The parties have signed this Assignment, by their duly authorized representative, evidencing that they have read, understand, and are bound by the terms of this Assignment.

FRANCHISOR:

SET THE STAGE, INC.

By \_\_\_\_\_  
Courtney Clark, CEO

Assignor:

\_\_\_\_\_

Assignee:

\_\_\_\_\_

By: \_\_\_\_\_

[Shareholder/Partner/Member]

---

[Shareholder/Partner/Member]

---

[Shareholder/Partner/Member]

---

[Shareholder/Partner/Member]

---

EXHIBIT A  
Listing of Equity Interests of Assignee

Name

Percentage  
Ownership

**EXHIBIT G  
TO  
SET THE STAGE, INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**AGREEMENT FOR PREAUTHORIZED PAYMENTS**

SET THE STAGE, INC. ("COMPANY")  
ID NUMBER: 87-2095089

The undersigned ("DEPOSITOR") authorizes COMPANY to initiate debit entries to the Checking Account indicated below at the DEPOSITORY named below, and authorizes DEPOSITORY to debit to such account all entries COMPANY initiates.

DEPOSITORY  
NAME \_\_\_\_\_  
BRANCH \_\_\_\_\_

CITY \_\_\_\_\_  
STATE \_\_\_\_\_

CHECKING ACCOUNT  
NO. \_\_\_\_\_

ROUTING NUMBER \_\_\_\_\_

DEPOSITOR agrees that this authorization will remain in full force and effect until DEPOSITOR has given COMPANY written notice of its revocation in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on the notice.

DEPOSITOR'S  
NAME \_\_\_\_\_  
FEIN \_\_\_\_\_

DEPOSITOR'S  
SIGNATURE \_\_\_\_\_

TITLE OF PERSON SIGNING (if signed in a representative capacity) \_\_\_\_\_

DATE \_\_\_\_\_

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE DEPOSITOR MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE DEBIT ORIGINATOR (COMPANY) IN THE MANNER SPECIFIED IN THE

AUTHORIZATION.

PLEASE ATTACH VOIDED CHECK OF THE BANK ACCOUNT TO BE DEBITED

**EXHIBIT  
H TO  
SET THE STAGE, INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**CONFIDENTIALITY, NONDISCLOSURE, AND NONCOMPETE AGREEMENT**

This Confidentiality, Nondisclosure, and Noncompete Agreement (the “Agreement”) is entered into by and between SET THE STAGE, INC. (“Franchisor”), a Utah corporation, and \_\_\_\_\_ (“Representative”).

**RECITALS**

A. Franchisor and Representative have entered into, or may enter into concurrently with this Agreement, an employment or independent contractor arrangement (“**Relationship**”) by which Representative agrees to work and advocate on Franchisor’s behalf and advance its business interests for compensation. The term of the Relationship shall commence when Representative receives, or agrees to receive, monetary compensation for such work and advocacy and shall continue until the employment or independent contractor arrangement ceases.

B. In connection with the Relationship, Franchisor intends to disclose to Representative important information regarding Franchisor’s business model and business practices which is private, proprietary, and confidential.

C. Franchisor is only willing to enter into the Relationship on the condition that Representative also enter into this Agreement and observe the restrictive covenants set forth herein.

**AGREEMENT**

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do agree as follows:

1. Recitals Incorporated. The recitals above are incorporated into the parties’ Agreement.
2. Franchisor’s Interests. Representative agrees that during the Relationship, Representative will: (a) have access to Franchisor’s confidential information and business practices; (b) be specially trained by Franchisor; and (c) be responsible for building Franchisor’s good will with clients, vendors, suppliers, etc. Representative agrees that the services which Representative will perform on Franchisor’s behalf are special and unique. Representative agrees that Franchisor has a legitimate business interest in keeping information related to its business operations confidential and in protecting itself from competition for the limited period set forth in this Agreement. Representative agrees that the restrictions set forth in this Agreement are no greater than reasonably necessary to protect Franchisor’s legitimate interests.

3. Confidential Business Information. Franchisor may, from time to time, provide Representative with confidential and proprietary information about its business including, contracts, agreements, designs, product lists, policies, procedures, processes, customer lists, vendor lists, materials, and other information (any such information being the “Business Information”). Without limiting the general nature of the foregoing sentence, Business Information specifically includes: (a) cost and source of products; (b) inventory systems and procedures; (c) training materials, manuals, and videos; (d) vendor lists and contact information; (e) client lists and contact information; (f) lists of other resources used by Franchisor; (g) lists of, and contact information for, industry connections and networking partners (including real estate professionals, developers and builders, investors, property managers, etc.); (h) identification of upcoming and potential projects; (i) non-public information about products and materials provided to third-party media sources (including, without limitation, reality television); (j) non-public marketing materials; and (k) any information, pattern, compilation, program, device, method, technique, or process that constitutes a “trade secret” under the Utah Uniform Trade Secrets Act. Business Information may include, but is not limited to, tangible documents or intangible data files. The Business Information also includes any information delivered to Representative under circumstances which a reasonable person would understand to be the delivery of confidential information. Business Information may be provided to Representative orally or in writing or orally, and may come from the owners, principals, or managers of Franchisor or from its employees, representatives, or agents. The Business Information is, and will remain, the sole property of Franchisor and Franchisor will have exclusive rights to all Business Information.

4. Duty of Confidentiality. Representative understands and agrees that all Business Information is proprietary to Franchisor and is Confidential. Representative agrees to strictly maintain the confidentiality of the Business Information. Representative agrees to not disclose any Business Information to any third-party. Representative’s duty of confidentiality will continue and survive beyond the termination or expiration of the Relationship.

5. Use. Representative agrees to use any Business Information exclusively in connection with the Relationship and Representative’s work and efforts on Franchisor’s behalf and not for any other purpose. Representative shall not create, or allow to be created, any summary of the Business Information or derivative work based on the Business Information.

6. Nondisclosure. Representative must not disclose the Business Information, or any portion thereof, to any third-party, except as may be expressly authorized by Franchisor’s owners or managers. If Representative receives any subpoena, court order, or is otherwise legally compelled to disclose the Business Information, Representative shall give notice to Franchisor immediately (and in all events prior to making such disclosure) so that Franchisor may take such legal action as it deems necessary.

7. Return of Business Information. Representative will return, destroy, or delete any Business Information to Franchisor immediately upon request.

8. Noncompete. Representative agrees that he/she will not compete with, and will not assist any other person or entity in competition with, the Franchisor during the term of the

Relationship. Additionally, for a period of twelve (12) months following the end of the Relationship, Representative will not compete with, and will not assist any other person or entity in competition with, Franchisor; provided that such post-Relationship restriction will be limited to: (a) competition within the State of Utah; or (b) competition involving clients, vendors, suppliers, etc., with whom Representative worked, directly or indirectly, on Franchisor's behalf during the Relationship, regardless of where such clients, vendors, suppliers, etc. are located. When competition becomes permissible under this Agreement, Representative agrees not to use or disclose any Business Information and Representative acknowledges and understands that the duty to keep Business Information confidential is perpetual in nature.

9. Nonsolicitation. Representative agrees that he/she will not solicit any owner, manager, employee, agent, or representative of Franchisor or any client, vendor, or supplier of Franchisor: (a) during the Relationship; and (b) for a period of twelve (12) months following the termination of the Relationship. For purposes of this Agreement, to "solicit" means to engage in any form of contact with a person or entity with the intent to encourage that person or entity to cease employment or business with Franchisor, engage in any business or conduct that competes with Franchisor, or take any action that would adversely affect or otherwise impair Franchisor's business or business practices. When solicitation becomes permissible under this Agreement, Representative agrees not to use or disclose any Business Information and Representative acknowledges and understands that the duty to keep Business Information confidential is perpetual in nature.

10. Enforcement and Remedies. This Agreement will be governed by the laws of the State of Utah. This Agreement may be enforced by legal action. Representative will be liable to Franchisor for all damages of any sort which Franchisor suffers, or which are asserted against Franchisor, arising out of or pertaining to Representative's breach of any of the covenants, duties, or obligations of this Agreement. Because of the importance of the Business Information, and the harm to Franchisor which is likely to occur if Representative breaches any portion of restrictions identified in this Agreement, the parties agree that, in addition to any other remedies available to Franchisor, such as money damages, this Agreement may be enforced by injunction or temporary restraining order, and Representative specifically waives the requirement for a bond or other security in connection with an injunction or temporary restraining order. Each party WAIVES THE RIGHT TO JURY TRIAL and consents to the jurisdiction of the state or federal courts situated in Salt Lake County, Utah. In any action to enforce or interpret this Agreement, the prevailing party shall be entitled to recover costs and fees, including attorney fees.

11. Miscellaneous. Representative has had the chance to review this Agreement with an attorney or other advisor prior to signing. This Agreement shall be binding on the parties and their respective successors and assigns. This Agreement may be executed in counterparts, which may be exchanged by traditional or electronic means. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and may only be amended by a written instrument signed by both parties. This Agreement shall not create a partnership, joint venture, or similar arrangement. This Agreement shall not be considered an employment agreement, offer of employment, or commitment for employment. The terms of this Agreement are severable, and the invalidity or unenforceability of any term will not affect the remainder. To

the extent any term hereof can be judicially revised rather than being held invalid, the parties intend that such term be so revised and remain intact to the extent legally enforceable.

IN WITNESS of the foregoing, the parties have executed this agreement to be effective on the date stated above.

FRANCHISOR:

SET THE STAGE, INC.

By \_\_\_\_\_  
Courtney Clark, CEO

REPRESENTATIVE:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Date: \_\_\_\_\_

EXHIBIT I  
TO  
STS™ FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE  
AGREEMENT

**STATE LAW ADDENDUM**

The following modifications and additions are part of the Set The Stage® Franchise Disclosure Document ("FDD") and Franchise Agreement ("FA") as required by relevant state laws.

**These states have statutes which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of the Franchise:**

**ARKANSAS  
CALIFORNIA  
CONNECTICUT  
DELAWARE  
HAWAII  
ILLINOIS  
INDIANA  
MICHIGAN  
MINNESOTA  
MISSISSIPPI  
MISSOURI  
NEBRASKA  
NEW JERSEY  
SOUTH DAKOTA  
VIRGINIA  
WASHINGTON  
WISCONSIN**

**These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of the Franchise.**

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum as of the Effective Date of the Franchise Agreement.

US: SET THE STAGE®

By:  
Courtney  
ClarkIts: CEO

(Signature)

(Print Name)

Date: \_\_\_\_\_

\_\_\_\_\_  
(Date)

**YOU:**

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF CALIFORNIA**

The Department of Financial Protection and Innovation for the State of California requires that certain provisions contained in franchise documents be amended to be consistent with California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., and of the Rules and Regulations promulgated thereunder. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended.

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

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

3. Item 3 is amended to add:

Neither Franchisor nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange.

4. Item 17 is amended to state:

- (a) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).
- (b) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- (c) The franchise agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.
- (d) The Franchise Agreement requires application of the laws of Utah. This provision may not be enforceable under California law.

**ILLINOIS ADDENDUM TO THE SET THE STAGE INC  
FRANCHISE DISCLOSURE DOCUMENT and FRANCHISE AGREEMENT**

The Illinois Attorney General requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the “Act”). To the extent that (i) the jurisdictional requirements of the Act are met and (ii) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

(a) Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.

(b) To the extent any provision regarding termination or renewal of the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act §§ 815 ILCS §§ 705/19 and 705/20, the provisions of these sections of the Act will control.

(c) No franchisee shall be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or the Act outside of the State of Illinois, nor shall the Franchise Agreement provide for a choice of law provision for any state other than Illinois.

(d) Any condition, stipulation, or provision purporting to bind a franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent a franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

(e) Illinois law governs the agreement(s) between the parties to this franchise.

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

The parties hereto have duly executed this Illinois Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

SET THE STAGE, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE  
DISCLOSURE DOCUMENT PURSUANT TO THE  
INDIANA FRANCHISE DISCLOSURE LAW AND  
THE INDIANA DECEPTIVE FRANCHISE  
PRACTICES ACT**

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (collectively referred to as the “Acts”). To the extent that (a) the jurisdictional requirements of the Acts are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

(a) To the extent the Franchise Agreement contains provisions allowing the establishment of franchisor-owned outlets that are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(2), the requirements of this section of the Indiana Act will control.

(b) The franchisor may not make any substantial modification of the Franchise Agreement without the franchisee’s written consent.

(c) To the extent any provision regarding renewal or termination of the Franchise Agreement is inconsistent with the Indiana Deceptive Franchise Practices Act §§ 23-2-2.7(7) and (8), the provisions of these sections of the Indiana Act will control.

(d) Any requirement in the Franchise Agreement that requires the franchisee to prospectively assent to a release, assignment, novation, wavier or estoppel shall not relieve any person from liability arising under the Acts.

(e) To the extent the covenants not to compete upon expiration or termination of the Franchise Agreement are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(9), the provisions of this section of the Indiana Act will control.

(f) To the extent that any provision of the Franchise Agreement would be deemed unenforceable pursuant to the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10), as this section of the Indiana Act is interpreted and applied, such provision of the Franchise Agreement shall be so deleted therefrom.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MARYLAND**

The Office of Attorney General for the State of Maryland requires that certain provisions contained in franchise documents be amended to be consistent with Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Maryland Franchise Law”). To the extent that this Disclosure Document or Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

2. Item 5 is amended to state:

Notwithstanding anything to the contrary contained in this Disclosure Document, we will defer collection of all initial fees due to us, including the Initial Franchise Fee, until we complete our pre-opening obligations as listed in Item 11.

3. Item 17 is amended to state:

(a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(b) Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Law.

(c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).

(d) Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

**THE REGISTRATION OF THIS FRANCHISE DISCLOSURE DOCUMENT WITH MARYLAND SECURITIES DIVISION OF THE OFFICE OF ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE SECURITIES COMMISSIONER.**

**AMENDMENT TO THE SET THE STAGE, INC  
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND**

The parties to the attached SET THE STAGE, INC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Sections 2.2 or 14.3 of the Franchise Agreement, such inconsistent provisions are hereby deleted and the following is stated:

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

2. To the extent of any inconsistencies, Item 5 of the FDD and Sections 4.1, 4.4 and 4.5 of the Franchise Agreement are each hereby amended to further state:

“We will defer collection of the initial fees due to us until we complete our pre-opening obligations to you.”

3. To the extent of any inconsistencies, Item 17 of the FDD and Section 15.1 of the Franchise Agreement are hereby amended to further state:

“Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).”

4. To the extent of any inconsistencies, Item 17 of the FDD and Section 26.3 of the Franchise Agreement are hereby amended to further state:

“A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

5. To the extent of any inconsistencies, Item 17 of the FDD and Section 26.6 of the Franchise Agreement are hereby amended to further state:

“Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.”

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any

statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

- 7. Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. This provision shall amend and supersede all contrary statements in Item 5 and 7 of the FDD and in the Franchise Agreement.
- 8. The Acknowledgement section of the Franchise Agreement is deleted.

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

SET THE STAGE, INC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE DISCLOSURE  
DOCUMENT REQUIRED BY THE STATE  
OF MINNESOTA**

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Items 5 and 7 are amended to reflect a fee deferral whereunder payment of the Initial Franchise Fee shall not be required until Franchisee has opened for business.

2. Item 6, Insufficient Funds Fee, is amended to state:

Pursuant to Minn. Stat. § 604.113, the Insufficient Funds Fee is \$30.00 per occurrence.

3. Item 13 is amended to state:

Pursuant to Minn. Stat. § 80C.12 subd.1(G), we will protect your rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

4. Item 17 is amended to state:

(a) Minn. Stat. § 80C.21 and Minnesota Rules § 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this Franchise Disclosure Document or agreement(s) shall abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(b) In accordance with Minn. Stat. § 80C.14 subd. 3-5, except in certain specified cases, we will give you 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement. Additionally, we will not unreasonably withhold our consent to a transfer of your MOSQUITO SHIELD Business.

(c) In accordance with Minnesota Rules 2860.4400(D), we cannot require you to assent to a general release.

(d) In accordance with Minnesota Rules 2860.4400(J), we cannot require you to consent to liquidated damages.

(e) Minn. Stat. § 80C.17 subd. 5 requires that an action be commenced pursuant to the Franchise Act within three (3) years after the cause of action accrues.

(f) You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rules 2860.4400(J),

**AMENDMENT TO THE SET THE STAGE, INC  
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties to the attached SET THE STAGE, INC, Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee’s assent to a release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in Sections 2.2 or 14.3 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, the Franchise Agreement is amended to defer the obligation to pay the Initial Franchise Fee until Franchisee has opened for business.

3. To the extent of any inconsistencies, Section 2.2 of the Franchise Agreement is hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 4, we will give you 180 days’ notice for non-renewal of the Franchise Agreement.”

4. To the extent of any inconsistencies, Section 4.8 of the Franchise Agreement is hereby amended to state:

“We shall have the right to charge you an insufficient funds fee of Thirty Dollars (\$30.00) per occurrence for any required payment by you hereunder that is not paid due to insufficient funds in your bank account.”

5. To the extent of any inconsistencies, Sections 8.2.8 and 20.3 of the Franchise Agreement are hereby amended to state:

“We will protect your rights to use the Proprietary Marks and indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.”

6. To the extent of any inconsistencies, Sections 15.1 through 15.3 of the Franchise Agreement are hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 3, we will give you 90 days’ notice of termination (with 60 days to cure)”.

7. To the extent of any inconsistencies, Sections 26.1 through 26.8 of the Franchise Agreement are hereby amended to state:

“We cannot require you to: (i) conduct litigation outside Minnesota, (ii) waive a jury trial, or (iii) consent to liquidated damages, termination penalties or judgment notes. Nothing in this Franchise Agreement shall abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws

of the jurisdiction. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief.”

7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes Chapter 80C are met independently without reference to this Amendment.

The parties hereto have duly executed this Minnesota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

SET THE STAGE, INC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

## **NEW YORK ADDENDUM TO 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 RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK 10271. 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 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective 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:

Except as provided above, 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 1 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), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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.

## AMENDMENT TO THE SET THE STAGE, INC FRANCHISE AGREEMENT REQUIRED BY THE STATE OF NEW YORK

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached Franchise Agreement agree as follows:

1. Section 2.2.8 of the Franchise Agreement, under the heading “Term and Renewal,” shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

2.2.8 You shall execute a general release, in a form prescribed by us, of any and all claims, known or unknown, that you might have against us or our affiliates, or our respective officers, directors, agents, and employees; provided, however, that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force, it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

2. Section 14.1 of the Franchise Agreement, under the heading “Our Right to Transfer” shall be supplemented by the following language, which shall be considered an integral part of the Agreement:

However, no assignment shall be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. Section 14.3.4 of the Franchise Agreement, under the heading “Conditions of Transfer” shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

14.3.4 That the transferor shall have executed a general release, in a form prescribed by us, of any and all claims against us and our affiliates, and our respective officers, directors, agents, shareholders, and employees; provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

4. Section 26.1 of the Franchise Agreement, under the heading “Applicable Law,” shall be amended by adding the following section at the end of the Section:

The foregoing choice of law should not be considered a waiver of any right conferred upon the Licensee by General Business Law of New York State, Sections 680-695.

5. Each provision of this Amendment to the Franchise Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this New York Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

SET THE STAGE, INC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE  
AGREEMENT  
REQUIRED BY THE STATE OF NORTH DAKOTA**

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, NDCC § 51-19 *et seq.* (“NDFIL”). To the extent that (a) the jurisdictional requirements of the NDFIL are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

1. Covenants not to compete upon termination or expiration of the franchise agreement are subject to NDCC § 9-08-06.
2. To the extent required by the NDFIL, arbitration proceedings shall take place at a location mutually agreed upon by you and us.
3. Any requirement that you consent to liquidated damages or termination penalties shall not apply to the extent prohibited by the NDFIL;
4. Any requirement that you consent to (i) the jurisdiction of courts outside of North Dakota, (ii) the application of laws of a state other than North Dakota, (iii) waiver of jury trial or (iv) waiver of exemplary and punitive damages shall not apply to the extent prohibited by the NDFIL;
5. Any release required as a condition to a renewal of the franchise agreement shall not apply to the extent prohibited by the NDFIL;
6. Any requirement that you consent to a limitation of claims shall not apply to the extent prohibited by the NDFIL. As applicable, the statute of limitations under North Dakota law shall control.
7. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

The parties hereto have duly executed this North Dakota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

SET THE STAGE, INC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the Franchise Disclosure Document of SET THE STAGE, INC (“we,” “us,” or “our”) for use in the State of Rhode Island shall be amended to include the following:

1. Items 17v. and 17w., under the provisions entitled “Choice of law” and “Choice of forum,” shall be supplemented with the following language:

However, you may sue us in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Item 17 shall be supplemented by the addition of the following language at the end of Item 17:

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

3. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum to the Disclosure Document.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

**AMENDMENT TO THE**  
**FRANCHISE AGREEMENT REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached SET THE STAGE, INC, Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. The following language shall be added at the end of Section 21.6 of the Franchise Agreement:

Notwithstanding the above, Rhode Island franchisees are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

The parties hereto have duly executed this Rhode Island Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:  
SET THE STAGE, INC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**AND FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF SOUTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply:

1. To the extent inconsistent, the Franchise Agreement, and Items 5 and 7 of the Franchise Disclosure Document are amended such that Franchisee shall have no obligation to pay the Initial Franchise Fee until Franchisee has opened for business.

Dated this day of \_\_\_\_\_.

FRANCHISOR:

SET THE STAGE, INC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

**ADDENDUM TO THE SET THE STAGE, INC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply:

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document shall be amended as follows:

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

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

3. The initial franchise fees and other initial payments owed by the franchisee to the franchisor are deferred until the franchisor meets its pre-opening obligations.

Dated this day of \_\_\_\_\_.

FRANCHISOR:

SET THE STAGE, INC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

Print Name: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE DISCLOSURE**  
**DOCUMENT REQUIRED BY THE STATE**  
**OF WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

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

Franchisor will defer collection of the Initial Franchise Fee and all other initial fees identified in Item 5 until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is

open for business. This amends Item 5 and all applicable provisions of the franchise agreement for franchises or franchisees in Washington.

The Transfer Fee identified in Item 6 and defined in the franchise agreement shall be subject to state law.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

\_\_\_\_\_  
Franchisor

\_\_\_\_\_  
Franchisee

**AMENDMENT TO THE FRANCHISE AGREEMENT REQUIRED BY  
THE STATE OF WASHINGTON**

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

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

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this day of \_\_\_\_\_.

FRANCHISOR:

SET THE STAGE, INC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PRINCIPAL:

---

Print Name: \_\_\_\_\_

PRINCIPAL:

---

Print Name: \_\_\_\_\_

---

Roster of Franchisees – Exhibit B-1

		FRANCHISE OWNER LIST	
STS Franchise Owners	DBA	Warehouse Address	Business Phone
Courtney Clark, Lisa Wheat	Set the Stage Salt Lake Valley	14550 S Center Point Way Bluffdale UT 84065	(801) 750-1500
Ryan & Geneve York & Spencer & Andrea Smith	Set the Stage Southern Utah	174 Old Hwy 91, Ste 13. Hurricane, UT 84737	(435) 767-1333
Danielle Nielson, Bryan & Stephanie Brunatti	Set the Stage Salt Lake North	2698 S Redwood Road #N. West Valley City, Utah 84119	(801) 414-0001
Heather Nielsen, Shelly Morrison	Set the Stage Utah County	1349 S 500 E, Ste 206. American Fork, Utah 84003	(801) 782-4464
Chase & Amber Ballinger	Set the Stage Lexington	470 Conway Court, Ste 2. Lexington, KY 40511	(859) 255-2800
Chris Vasquez, Mike Finello	Set the Stage Atlanta Buckhead Midtown	542 Courtland Street. Atlanta, GA 30308	(678) 910-9878
Jami Rokuro (Roku)	Set the Stage Colorado Denver Highlands	4765 Independence St, 102. Wheat Ridge, CO 80033	(303) 900-8899
Andrew & Laura Wilson	Set the Stage Hilton Head Savannah	5134 Augusta Rd. Savannah, GA 31408	(843) 854-4357
Ben & Kelly Buckland	Set the Stage Indianapolis NE	12806 Ford Drive. Fishers, IN 46038	(317) 364-4410
Stu & Amanda Schmidt	Set the Stage Middle Tennessee	185 Creasman Drive, Winchester, TN 37388	(615) 239-6484
Faith & Niel Brown	Set the Stage San Antonio North	11009 Osgood Dr, San Antonio, TX 78233	(210) 245-9709
Kimberly Roth	Set the Stage Denver Metro South	3103 W Hampden Ave, Englewood, CO 80110	(720) 736-7360
Celyna & Kenton Peterson	Set the Stage North Central Austin	12112 Roxie Dr. Ste.E Austin, TX 78729	(512) 596-5900
Ken & Christi Sterling	Set the Stage Orlando South	7131 Grand National Drive Suite 105 Orlando, FL 32819	(407) 406-3745
Jim & Roberta Schwarzbach	Set the Stage Pittsburgh 3 Rivers	423 Route 228, Valencia, PA 16059	(724) 719-8088
Sheyla Wilkerson	Set the Stage Uptown Tampa	4517 George st Ste #201 Tampa FL 33634	(656) 400-2022
Kara Lemire	Set the Stage Western Wake County	1600 Olive Chapel Road, Unit 704 Apex, NC 27502	(919) 825-1313
Laura Sudhoff	Set the Stage Raleigh Metro South	3033 Stony Brook Drive Ste. 5 Raleigh, NC 27604	(919) 341-6017
Mike & Courtney Harper	Set the Stage Denver Southeast	10262 Dransfeldt Rd. Unit 129 Parker, CO 80134	(720) 736-7333
Angela & Matt Markham	Set the Stage Omaha Metro	4203 S 87th St, Omaha, NE 68127	(402) 915-1325
Rochelle Barton	Set the Stage Scottsdale Metro	1815 W First Ave, Ste. 132 Mesa, AZ 85202	(602) 312-6463
Andre Hamilton & Whitney Bessler	Set the Stage Dallas Metro	10920 Switzer Ave. Ste 108 Dallas, TX 75238	(214) 500-8125

Mick & Stephanie Murray	Set the Stage Heart of Texas	7524 Bosque Blvd., Ste C Waco, TX 76710	(254) 300-9688
Greg Banks	Set the Stage Boston Metro North	21-D Olympia Ave. Woburn, MA 01801	(781) 750-0569
Justine Goubert, Helene Goubert, David Goubert	Set the Stage Broward County	1320 #3A Stirling Rd. Dania Beach, FL 33004	954) 666-9258, EXT 0
Rocky & Lindsey Whitely	Set The Stage The Woodlands	22131 Rothwood Rd. STE 517 Spring, TX 77389	(936) 299-4344
Kristopher Jenkins	Set The Stage Boise Treasure Valle	5437 W Kendall St, Boise, ID 83706	(208) 398-0084
Julia Smimov	Set the Stage Urban Phoenix	1931 E Jefferson, Phoenix, AZ 85034	(480) 289-0199
Chad & Stacy Williams	Set The Stage The Bubble	135 Bethea Rd. Ste. 504 Fayetteville, GA 30214	(678) 675-7620
Shawn Henry & Arlene DeLosReyes	Set The Stage Upper Perimeter	Georgia	(404) 480-9663
Steve & Jamie Talbot	Set The Stage West Michigan	Michigan	(616) 273-2773
Shayla & Philip Green	Set The Stage Peach City	1000 Hurricane Shoals Suite C150 Lawrenceville, GA. 30043	(770) 901-1920
Ann Lanzante	Set The Stage Arizona North	8360 E Pecos Dr, Prescott Valley, AZ 86314	(928) 515-4315
Todd Briner	Set The Stage Cobb Marietta	Georgia	(470) 931-4291
Sean & Sara Tintle	Set The Stage Athens Lake Countr	Georgia	
Jessica Epperson	Set The Stage McKinney Frisco	1951 University Business Dr. STE 602 McKinney, TX 75071	(469) 820-4950

## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

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

State	Effective Date
California	Pending
Hawaii	N/A
Illinois	Pending
Indiana	Pending
Maryland	Pending
Minnesota	Pending
New York	N/A
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Wisconsin	Pending

In all other states, the effective date of this Franchise Disclosure Document is the Issue Date.

**EXHIBIT J  
TO  
SET THE STAGE, INC.  
FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPT (YOUR COPY)**

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 Set The Stage, Inc. offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Set The Stage, Inc. or an affiliate in connection with the proposed franchise sale.

If Set The Stage, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise are:

Courtney Clark, 10446 S 1055 W, Ste 101, South Jordan, UT 84096, (801) 662-9117  
Dan Glaser, 708 Austin Ave., Suite 200 Waco, TX 76701, (254) 545-2295

Date of Issuance: May 22, 2025

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated as indicated above that included the following Exhibits:

- A State Administrators and Agents for Service of Process
- B List of Franchised Operations
- C Financial Statements
- D Standard Franchise Agreement
- E Standard Renewal and Release Agreement
- F Assignment to Entity Agreement
- G Preauthorized Payments Form
- H National Account Policy Agreement
- I Non-Disclosures / Non-Competition
- J State Specific Addenda
- K Receipt

DATED: \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
*Signature - Prospective Franchisee*

\_\_\_\_\_  
Printed Name:

**Sign and date this copy and retain it for your files**

**EXHIBIT J TO  
SET THE STAGE, INC. FRANCHISE  
DISCLOSURE DOCUMENT**

**RECEIPT (OUR COPY)**

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 Set The Stage, Inc. offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Set The Stage, Inc. or an affiliate in connection with the proposed franchise sale.

If Set The Stage, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise are:

Courtney Clark, 10446 S 1055 W, Ste 101, South Jordan, UT 84096, (801) 662-9117  
Dan Glaser, 708 Austin Ave., Suite 200 Waco, TX 76701, (254) 545-2295

Date of Issuance: May 22, 2025

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated as indicated above that included the following Exhibits:

- A State Administrators and Agents for Service of Process
- B List of Franchised Operations
- C Financial Statements
- D Standard Franchise Agreement
- E Standard Renewal and Release Agreement
- F Assignment to Entity Agreement
- G Preauthorized Payments Form
- H National Account Policy Agreement I
- Non-Disclosures / Non-Competition
- J State Specific Addenda
- K Receipt

DATED: \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
*Signature - Prospective Franchisee*

\_\_\_\_\_  
Printed Name:

**Sign and date this copy and return to Franchisor**