

FRANCHISE DISCLOSURE DOCUMENT

B-WELL ENTERPRISES, LLC,
a Texas Limited Liability Company
531 N. Elm Street
Denton, Texas 76201
940-241-4490
franchise@mysomamassage.com
www.MySomaMassage.com

SOMA MASSAGE THERAPY®

The franchise offered is for a B-Well Enterprises, LLC massage center that offers various massage modalities, including Swedish, hot-stone, reflexology, prenatal care, and a variety of self-care products in a sophisticated and intimate massage therapy center. (“Soma Massage Therapy Studio” or “Business”).

The total investment necessary to begin operations for a single Soma Massage Therapy Studio ranges from \$165,331 to \$406,331. This includes between \$32,040 and \$47,040 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format which is more convenient for you. To discuss the availability of disclosures in different formats, contact Amber Briggle, Member, at franchise@mysomamassage.com or 940-241-4490.

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

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

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: August 12, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or <u>Exhibit D</u> .
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or <u>Exhibit E</u> includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Soma Massage Therapy Studio 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 Soma Massage Therapy Studio franchisee?	Item 20, or <u>Exhibit D</u> , lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to Clients, 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 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 mediation, arbitration, and/or litigation only in our headquarters' then-current location (now, Texas). 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 our then-current location than in your own state.
2. **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.
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.

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.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSOR, AND AFFILIATES.....	1
2. BUSINESS EXPERIENCE.....	3
3. LITIGATION.....	3
4. BANKRUPTCY	3
5. INITIAL FEES	3
6. OTHER FEES.....	4
7. ESTIMATED INITIAL INVESTMENT	8
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	12
9. FRANCHISEE’S OBLIGATIONS	15
10. FINANCING	16
11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	16
12. TERRITORY	26
13. TRADEMARKS	28
14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	30
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION	31
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	31
17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION.....	32
18. PUBLIC FIGURES	35
19. FINANCIAL PERFORMANCE REPRESENTATIONS	35
20. OUTLETS AND FRANCHISEE INFORMATION	37
21. FINANCIAL STATEMENTS	39
22. CONTRACTS	39
23. RECEIPT	Last Page

EXHIBITS

Exhibit A	List of State Agencies and Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit C	Franchisee Manual Table of Contents
Exhibit D	List of Franchisees
Exhibit E	Financial Statements
Exhibit F	State Specific Addenda
Exhibit G	Franchisee Organizations
Exhibit H	Receipt

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is B-Well Enterprises, LLC. For ease of reference, B-Well Enterprises, LLC will be referred to as “we,” “us,” “our,” and similar pronouns or “B-Well Enterprises.” We will refer to the person or entity that buys the franchise as “you,” “your,” or with similar pronouns. If you are a business entity, certain provisions of the franchise agreement you and we sign (Franchise Agreement) will also apply to your owners.

We are a Texas limited liability company formed on February 22, 2024. We do business as “B-Well Enterprises, LLC.” We conduct business under no other name. Our principal business address is 531 N. Elm Street, Denton, Texas, 76201. We have never offered franchises in any other line of business, and we are not involved in any other business activities. We began offering franchises in July of 2024.

Our agents for service of process are found in Exhibit A.

Our Parents, Predecessors, and Affiliates

We have no predecessors or parents.

Our first affiliate is Soma Massage Therapy, LLC (Soma Affiliate). It is a Texas limited liability company that was formed on July 27, 2011. Its address is the same as ours. It owns and operates two massage centers that are substantially similar to the Soma Massage Therapy Studio you will operate under the Franchise Agreement. It has never offered franchises in this or any other line of business.

Our second affiliate is B-Well Enterprises IP, LLC. (IP Affiliate). It is a Texas limited liability company that was formed on February 22, 2024. Its address is the same as ours. It owns the trademarks, trade names, and similar intellectual property (Marks) you will use in the operation of your Soma Massage Therapy Studio. It has licensed the same to us and has granted us the right to sublicense the same to you through the Franchise Agreement. It has never offered franchises in this or any other line of business.

Our Soma Affiliate and IP Affiliate may be referred to as an “Affiliate” or the “Affiliates.”

The Franchised Business

We grant you the right to own and operate a single Soma Massage Therapy Studio that offers a variety of massage modalities and self-care products in a sophisticated and intimate center (“Services” as we may add to, delete from, change or change the mix of the same from time to time after giving you no less than 60 days’ prior written notice.) Your Soma Massage Therapy Studio may also offer for sale clothing and self-care products that are branded, trademarked, or packaged exclusively for our System and franchisees (collectively, “Branded Products”), as well as energy bars, drinks, non-branded apparel, and the like that do not carry our Marks but that we require you to sell, (collectively, “Permitted Products”).

We have created a proprietary system and possess and own “Proprietary Information” (as more fully defined in Article 6 of the Franchise Agreement), including, without limitation, the methods, techniques, formats, specifications, procedures, information, and knowledge of and experience in the operation and franchising of Soma Massage Therapy Studios. You will be licensed to operate using the Marks under the Franchise Agreement attached as Exhibit B.

“System” means and includes, without limitation, our distinctive trade dress, the mix of Services, Branded and Permitted Products offered to Clients, signage, our confidential operations manual, the furniture, fixtures, and equipment required for your Soma Massage Therapy Studio, our Proprietary Information and trade secret information, the economic and financial characteristics of Soma Massage Therapy Studios, any other copyrighted, registered, trade secret, or confidential information we own, license, or sublicense, uniform guidelines, specifications, and procedures for operations, quality control, and advertising and promotional programs. The System may be supplemented by other language of this Franchise Agreement and otherwise by us from time to time.

This disclosure document describes the terms and conditions under which we currently offer new franchises. We may offer franchises under different terms and conditions in particular circumstances and are not required to offer the same to you.

Business Experience

Our Soma Affiliate has been in business since 2011 and offers services that are substantially the same as those you will offer the public.

Competition and Laws Affecting the Business

Massage centers are used by the general public. The massage therapy market is highly developed throughout the country. You will compete with other local, regional, national, and international brands offering the same or similar services. The business is not seasonal.

Most jurisdictions require massage therapists to hold and maintain a massage therapy certification, as well as other local, county, or state licenses. This means that each Therapist must have the proper education and credentials before they are permitted to work with a Client. A therapist with the proper credentials may be called a “Therapist.” We also require you to provide proof to us that each such person holds these credentials. It is your obligation and not ours to ensure that each Therapist has the proper licenses. Your Therapists must be employees of your Business.

Most jurisdictions also have laws and regulations that may apply to the buildout and maintenance of massage studios, including laws and regulations relating to the construction, design, and maintenance of the center, zoning, health, and sanitation (including matters regulated by the Occupational Safety and Health Administration (OSHA)), employment matters, and equal access for people with disabilities including requirements imposed by The Americans with Disability Act of 1990.

You must run a criminal background check on each proposed employee who will provide any hands-on services to a Client. You must also update such background checks at least annually. Persons with a felony conviction of any nature or kind, a plea of *nolo contendere* to a felony of any kind, or a similar plea to any crime (whether a petty offense or misdemeanor) involving injury to a person (whether physical or mental), theft, fraud, or similar offenses may not be hired or retained. (Franchise Agreement, Article 1.) We reserve the right to change the requirements of this paragraph at any time.

In California, most municipalities have their own ordinances and regulations that govern massage therapy. In addition, the state has the “Massage Therapy Act” and similar statutes, rules, and regulations (found at California Business and Professions Code §§4600-4621, Business and Professions Code §460, and Government Code §51034) may also apply. Some California cities and counties may have separate requirements.

You will accept payment through credit cards, debit cards, and similar e-payment methods. The use of such methods is subject to the Payment Card Industry Data Security Standards (PCI-DSS) rules and regulations. The “POS System” (Item 7) you purchase through our approved vendor follows these standards.

ITEM 2

BUSINESS EXPERIENCE

Amber Briggle - Founder and Member

Amber Briggle is the founder and our member since our inception. From July 2011 to the present, she continues as our Soma Affiliate’s sole member and oversees their operations. Ms. Briggle has been certified and licensed in Texas as a massage Therapist since 2010.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this disclosure document.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Initial Franchise Fee

You will pay an initial franchise fee (IFF) of \$45,000.

If you are one of the first four franchisees, you will pay a reduced IFF as follows:

ORDER OF FRANCHISEES	REDUCED IFF
First	\$30,000
Second	\$32,000
Third	\$35,000
Fourth	\$40,000

After that, each Franchisee will pay the full IFF.

The IFF is used to defray our costs for your “Initial Training (Item 11) and our delivery of pre-opening services to you.

You will pay us \$1,950 as your “Technology Startup Fee,” which will be used to set up your landing page on our website and for other technologies or services now existing (if any) or used or created after

that, and \$90 representing the first three months of the “Technology Maintenance Fee” at \$30 per month, (for a total of \$2,040) which is used to maintain your landing page, and for other technologies or services now existing or used or created after that.

You must pass our Initial Training to our satisfaction. If you fail to do so, we have the option to terminate your franchise rights (though all covenants of the Franchise Agreement that must survive termination to remain enforceable will survive) and will, in that case, refund 50% of your IFF.

Unless stated above, all fees are payable in one lump sum, are uniform, and are non-refundable.

Except as stated here, you pay our Affiliate or us no other fees for services or goods before your Business opens.

ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	6% of Gross Sales. Note 1.	Payable weekly on Tuesday following the week for which it is calculated.	Payable via ACH. Note 2.
Local Advertising Fee	Currently, 2% of Gross Sales.	As incurred.	Currently payable to third parties for your local advertising expenses. We may increase this amount by up to 4% of Gross Sales after giving you no less than 60 days’ prior written notice. We reserve the right to designate an Affiliate or us as the provider of such services upon giving you no less than 60 days’ prior written notice. (Item 11).
National Brand Fee	Currently 2% of Gross Sales.	Collected with Royalties	Payable to us for national branding efforts. This is in addition to the Royalty. We may increase this fee at any time and in any amount after first giving you no less than 60 days’ prior written notice. (Item 11).
Regional Advertising Fee	If created, it will be funded by some or all of your National Brand Fee and Local Advertising Fee requirements.	As we determine.	Payable to us if we create a regional advertising program. All franchisees within a defined territory will contribute equally. We have no formula for determining whether a regional advertising group will be formed or what percentage of your fees will be allocated. As a result, we cannot quote an amount here.
Technology Maintenance Fee	Currently, \$30 per month.	Payable with Royalties.	We may increase this amount at any time and in any amount at our sole discretion after giving you no less than

Type of Fee	Amount	Due Date	Remarks
			60 days' prior written notice. We do not have a formula to determine if, when, or in what amount any change would occur, and as a result, we cannot quote when or in what amount a fee increase may occur.
Additional Personnel and Transferee Training, and Required Training, and Remedial Training Fee	Currently, \$2,500 per attendee plus expenses.	Before training.	Note 3.
Additional Operating Assistance.	Currently, \$500 per day plus travel, room, and board.	As incurred.	Note 4.
Audit Fee	Cost of an audit.	Within 10 days of your receipt of the audit report.	Payable to us if an underpayment exceeds 2% of the Gross Sales or if you intentionally underreport. You will also pay late fees, default interest, and all other costs incurred by us as a result of the underpayment.
Transfer Fee	50% of the then-current IFF.	When the transferee signs the then-current Franchise Agreement.	Payable to us. If we are not awarding franchisees when you transfer, you will pay 50% of the IFF charged to you.
Successor Franchise Fee	50% of the then-current IFF.	If you are awarded renewal rights.	Payable to us. If we are not awarding franchisees when you seek renewal, you will pay 50% of the IFF charged to you.
Late Fee	Currently, \$100 per incident per month.	As incurred.	Payable to us if you do not make a timely payment. Late payments may also be subject to Default Interest. We may increase this fee at any time and in any amount after first giving you no less than 60 days' prior written notice.
Default Interest	Currently, 1.5% per month, accruing monthly.	As incurred.	We may increase this interest at any time and in any amount after giving you no less than 60 days' prior written notice. We will not charge any amount over that allowed by your state.
Indemnification Fee	Varies.	As incurred.	Payable to us if we are held liable for any claims arising from your operations.
Supplier Approval Fee	Currently, up to \$500.	As incurred.	At our discretion, we may require you to pay us this fee to evaluate a proposed supplier. At our discretion, we may increase this fee at any time and in any amount after giving you no less than 60 days' prior written notice. We do not have a formula for

Type of Fee	Amount	Due Date	Remarks
			determining if, when, or in what amount any change would be, and as a result, we cannot quote a time or fee increase here.
Relocation Fee	Currently \$5,000.	As incurred.	Payable to us for our approval of your request to relocate your Soma Massage Therapy Studio. We may increase this fee at any time and in any amount after giving you no less than 60 days' prior written notice.
Annual Conference Attendance Fee	None now.	Before attendance.	Payable to us if we conduct an annual conference. We may determine this fee for an annual conference at our discretion and will provide you with the amount before you attend the annual conference.
New Products, Technology, Services, and Fees	Varies.	As incurred.	Payable to approved suppliers or us. Note 5.
Opening Help Fee	Currently, \$1,000 per day plus our travel, room, and board.	As incurred	Note 6.
Taxes	Our costs.	As incurred.	Note 7.
Cost for Testing Samples	Varies	As incurred.	Note 8.
Insurance	Varies.	As incurred	Note 9.
Replacement Inventory of Items in and Inventory	Varies	As incurred	Note 10.
Gift Cards and Loyalty Programs	Currently, none	As incurred	Note 11.

Unless otherwise specified, all fees due to us are uniform, payable in one lump sum, and nonrefundable. Your agreements with third parties will determine the fees due to them as well as any refund policy.

Note 1. "Gross Sales" means the total of all revenue and income received from the sale of all Services, Branded and Permitted Products, food, beverages, and other items sold under or through your Soma Massage Therapy Studio, whether or not sold or performed at or from your Soma Massage Therapy Studio and whether received in cash, as services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. "Gross Sales" also include the proceeds from business interruption insurance payments and any other revenue reasonably attributable to the operation of your Soma Massage Therapy Studio. Gross Sales do not include sales or similar taxes you collect that are chargeable to Clients by law, any documented refunds, credits, charged tips, or sales discounts.

Note 2. Unless stated otherwise, all amounts due to us will automatically be deducted from your operating account through electronic bank-to-bank funds transfers via an automated clearing house (ACH) arrangement.

Note 3. Payable to us for training additional Designated Managers, Principal Operators, or other personnel, plus their travel, room, and board. We may increase this fee at any time in any amount after giving you no less than 60 days' prior written notice. A "Designated Manager" is a person besides you or your Principal Operator who acts as the general manager of your Soma Massage Therapy Studio and has been trained by us. A "Principal Operator" is an equity owner of your franchisee entity whom you designate to receive our training and operate the business on a day-to-day basis.

In the future, we may require trainers who are not Designated Managers or Principal Operators to pass our Initial Training program. As a result, you may incur additional expenses due to such training, including travel, lodging, board, and our then-current fee. We have no formula for determining what your travel, room, board, and wages will be, so we cannot quote a cost here. We will give you no less than 60 days' prior written notice before requiring such training.

If required, you may have to take "Remedial Training" (Item 11) if you fail to meet your "Minimum Sales Obligations (Item 12). In such a case, you will pay our then-current fee plus your travel, room, board, and wages.

You must meet your Minimum Sales Obligations during the term of the Franchise Agreement (Items 11 and 12). If you fail to meet the same, we have the option to require you to take "Remedial Training" (Items 6 and 11), for which you will pay your room, board, travel, and wages of attendees if you travel to us, our room, board and travel if we travel to you, plus our then current fee.

We may increase any fees identified in this Note at any time and in any amount after giving you no less than 60 days' prior written notice before requiring such training.

Note 4. After Initial Training, you will pay our then-current fee for additional assistance. If we travel to your location, you will also cover our travel, room, and board expenses. If you travel to us, you will also cover the costs of your travel, room, and board. We may increase this fee at any time by any amount after giving you no less than 60 days' prior written notice.

Note 5. We may require all franchisees to add new Services, programs, Branded Products, Permitted Products, or other goods or services to those already used or sold through your Soma Massage Therapy Studio and may impose other fees not specifically titled or for which no current fee is now charged to meet market demands and to support new technologies. Some of these may be due to an Affiliate, a third party for whom we collect funds, or us. We may also use our Reasonable Business Judgment to assess other fees or costs not yet identified but that we deem appropriate to help with the Soma Massage Therapy Studio's operations or to meet market demands or new technologies. Such fees or costs may be assessed locally, regionally, or nationally and may apply to one, some, or all franchisees. We will notify you in writing and give you no less than 60 days to comply.

You and we also acknowledge that changes to technology are dynamic and not predictable during the Term. To provide for such changes, we have the right to establish, in writing, reasonable standards for implementing new technology, which may result in your incurring additional expenses. We will give you no less than 60 days' prior written notice before implementing the same.

Note 6. You may request that we visit your studio (referred to as the "Franchised Location") during buildout and when you open, or we may decide to provide services to you just before and on your Opening Date. If we agree to do this, you will pay the then-current Opening Help Fee. We may increase this fee at any time and in any amount after giving you no less than 60 days' prior written notice.

Note 7. If assessed by your state, and except for our income taxes, you will reimburse us for all taxes we pay for products or services we furnish you, on our collection of the initial franchise fee, on the collection of royalties and advertising contributions, and the collection of similar fees or costs.

Note 8. We may test your inventory to ensure it complies with our standards. If the test discloses failure to meet our standards, we may collect the cost of testing. We have no formula for determining this cost and cannot quote it here.

Note 9. If you fail to get the insurance required for the Franchised Location and Soma Massage Therapy Studio operations, we may, at our discretion, buy it for you. If we do, you will reimburse us for the premiums and pay a reasonable administrative fee of the greater of 15% of the premiums paid, or \$1,500. We have no formula for determining if this will occur or the amount of such premiums, and as a result, we cannot quote a fee here.

Note 10. You are required to purchase from our approved vendors any replacements for items delivered in the Initial Inventory and Branded and Permitted Products. We reserve the right to change the content of the Initial Inventory at any time and for any reason, and you may incur additional expenses as a result. We have no formula to determine if or when this will occur, and cannot identify any changes at this time. As a result, we cannot quote the cost of any possible change to you.

Note 11. We do not now, but we may require all franchisees and you to participate in gift cards, coupons, loyalty, or customer incentive programs in the future. If we do this, we will give you no less than 60 days' prior written notice. The POS Systems will have modules installed to help implement these programs.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure*	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 1)	\$30,000 to \$45,000	Lump sum.	When you sign your Franchise Agreement.	Us.
Rent - three months (Note 2)	\$7,500 to \$37,500	As arranged.	As arranged.	Landlord.
Real Estate Security Deposit (Note 2)	\$2,500 to \$12,500	As arranged.	As arranged.	Landlord.
Utility Deposits (Note 3)	\$500 to \$2,500	As arranged.	As arranged.	Utility providers.
Architect and Design (Note 4)	\$5,000 to \$13,000	As arranged.	As arranged.	Third parties.
Leasehold Improvements (Note 4)	\$60,000 to \$180,000	As arranged.	As arranged.	Third parties.
Furniture, Fixtures, Equipment, Signs,	\$10,000 to \$30,000	As arranged.	As arranged.	Third parties.

Type of Expenditure*	Amount	Method of Payment	When Due	To Whom Payment is Made
and Decor (Note 5)				
Technology Startup and Technology Maintenance Fees - three months	\$2,040	Lump sum.	When you sign the Franchise Agreement.	Us.
Computer System (Note 6)	\$217.50 to \$1,217.5	As arranged.	As Arranged.	Any vendor.
POS Software - three months (Note 6)	\$1,000	As arranged.	As arranged	Approved Vendor
Business Management Programs (Note 7)	\$1,573	As arranged	As arranged	Approved Vendor
Initial Inventory Cost (Note 8)	\$2,000 to \$5,000	Lump sum.	When you sign your Franchise Agreement.	Affiliates, approved suppliers, or us.
Training Expenses (Note 9)	\$2,000 to \$7,500	As arranged.	As incurred.	Third parties.
Grand Opening Expenses (Note 10)	\$3,000	As arranged.	As incurred.	Affiliates, approved suppliers, or us.
Insurance (Note 11)	\$7,500 to \$12,500	As arranged.	As agreed.	Insurance providers.
Attorneys or other Professionals (Note 12)	\$500 to \$2,000	As arranged.	As agreed.	Professionals you choose.
Additional Funds – Three Months (Note 13)	\$30,000 to \$50,000	As arranged.	As agreed.	Third parties or us.
Total Estimated Initial Investment (Note 14)	\$165,331 to \$406,331			

Note 1. This may be refundable under certain circumstances. (Item 5). Unless otherwise stated, all fees are uniform, payable in one lump sum, and non-refundable.

Note 2. We must approve your proposed Franchised Location. There is no requirement to purchase real estate. A suitable Soma Massage Therapy Studio location is 1,000 to 2,000 square feet and can be located in a free-standing building, mall setting, inline shopping areas, or similar locations. Rent for the Soma Massage Therapy Studio will be based upon the location of the Soma Massage Therapy Studio in the United States, whether it is free-standing, in a mall, or an inline shopping area, the popularity of the destination, whether it is “upscale,” whether you are in a major metropolitan or rural location, and the demographics of its Clients. The low number represents the first three months of rent for a 1,000-square-foot space in a strip mall with rent at approximately \$30 per square foot comprising \$20 per square foot of “base rent” and \$10 per square foot of “triple net” costs (which are the tenant’s pro-rata portion of landlord’s

cost per square foot for maintenance, insurance, and taxes.) The high number represents three months of rent for a 2,000-square-foot space in an upscale area, with the rent calculated at \$75 per square foot (with a base rent of \$55 per square foot and triple net of \$20 per square foot). Your rent could be substantially higher.

Your landlord may require a security deposit. The range represents one month's rent for the small and large units identified in the previous paragraph.

Note 3. A utility provider may charge a deposit to set up utilities. The low number represents no deposit, and the high number estimates what a utility provider may charge. If charged, your deposits may be higher.

Note 4. You will hire a local architect or engineer to draft plans that conform to the proposed site, to the generic set of plans we send you. This fee varies widely depending on your location in the country, the availability of professionals, and similar variables over which we have no control.

Your cost to build out your Soma Massage Therapy Studio (including the purchase and installation of interior and exterior signage) will depend on its size, the quality of the space, your location in the country, the availability of labor, permitting expenses, and similar costs. Your landlord may contribute funds to you (as a tenant-finish incentive), but there is no guarantee that the landlord will do so, or if it does, in what amount such contribution may be. These figures are approximates only. Your cost could be substantially greater.

Note 5. You must purchase and install all of the massage center equipment, decor, and other furniture, fixtures, and equipment we designate. We will identify such furniture, fixtures, decor, and equipment in our Manuals, in handouts delivered to you when you sign the Franchise Agreement, by electronic delivery, or by other means. Currently, all such items must be purchased from our approved vendors. Our vendors may change the prices for the various components at any time and by any amount. We have no control over this. We also reserve the right to change vendors at any time and for any reason, and to change each required item of the furniture, fixtures, decor, and equipment after giving you reasonable notice. As a result, you may incur additional expenses. We have no formula to determine if or when any of these changes may occur. As a result, we cannot quote the cost of any possible change to you.

Note 6. You must own or purchase the "Computer Hardware" and install the "Computer Software" that meets our specifications. (Item 11.)

The Computer Software includes our cloud-based "POS Software" (defined below) and licenses for the cloud-based Microsoft Office 365 Business Standard software suite, which currently costs approximately \$12.50 per month, (\$37.5 for three months) and QuickBooks Online "Plus," which currently costs approximately \$60 per month (\$180 for three months.). The Computer Software will also include the Business Management Software identified in Note 7 just below. The Computer Hardware and Computer Software described here are referred to as the "Computer System."

You may already have the Computer System we require. If not, it could cost \$1,000 or more to purchase the Computer Hardware. The low number confirms your ownership of an acceptable Computer System and three months then-current required versions of Microsoft Office 365 (at \$38) and three months of QuickBooks Online Plus (at \$180). The high number includes the cost of the Computer Hardware for \$1,000 and the first three months' fees for Microsoft Office 365 and QuickBooks.

It is expected that your Computer System will function as your POS hardware using our approved vendor's POS software (POS Software). You have the option, but are not obligated to purchase certain

hardware, such as a dedicated credit card reader or cash drawer, through our POS Software vendor. This decision is yours, although we reserve the right to require you to purchase or lease such items from the POS Software vendor in the future. As the decision regarding the hardware you purchase is up to you, we cannot quote the vendor's approximate costs to you.

The POS Software provider will provide merchant services to you at a cost-per-transaction fee. The cost can range between 2.5% to 4.0% per credit/debit card transaction and between \$0.15 to \$0.30 as a per-swipe transaction fee, depending on such factors as the presence of the person with or without their credit/debit card, whether the card number has to be manually entered, and the like. They may change this fee structure at any time and by any amount. We do not have a formula for determining if, when, or in what amount this could occur, so we cannot provide a quote here.

You must install and then maintain virus protection software from any manufacturer. As the price varies widely depending on the virus protection software you choose, we cannot provide a quote for this here. We reserve the right to change the Computer System software applications at any time after giving you no less than 60 days' prior written notice. This may result in an additional expense for you.

Note 7. You must obtain licenses from our approved vendors to use their online integrated suites of "Business Management Software," which includes client scheduling, marketing, payment processing, client relationship management (CRM) modules, and the like. You must continue to maintain the licenses during each term of the franchise agreement. This number represents the now-current initial fee for one vendor of \$499 plus three months of license fees at \$199 per month (\$597 total) and three months of license fees for another vendor at \$159 per month (\$477 total). These fees are subject to the vendors' changes over which we have no control, and as a result, we cannot estimate or provide a formula for if, when, or in what amount any such fee may change.

Note 8. You must purchase your initial inventory of Branded and Permitted Products (Initial Inventory) from our approved vendors. Shipping, handling, and insurance will differ depending on your location in the country and what the approved vendor may charge. As a result, we cannot quote shipping and handling fees here.

The Permitted Products include massage oils and similar items that meet our standards. If you hire Therapists as employees, you will provide them with these supplies, and your cost could be as stated here.

Note 9. You will pay for the travel, room, board, and wages of your Designated Manager, Principal Operator, or you while attending "Initial Training" (Item 11) at our then-current training location. Your costs may vary based on several factors, including the distance you must travel, flight or driving costs, the quality of the hotel or motel you choose, the food you purchase, and any wages you may need to pay an attendee.

Note 10. You must spend at least this amount to conduct a Grand Opening advertising and promotional campaign for your Soma Massage Therapy Studio.

Note 11. This is the approximate cost of insurance for your Soma Massage Therapy Studio. (See Item 8 for the coverage needed). Your costs may be higher depending on your location in the country, your insurance claims history, and other factors. Each of your licensed personnel will need professional liability insurance.

Note 12. You may want to hire an attorney or other professional to help you review this FDD or for other matters. These are estimates only; your actual costs may be substantially higher.

Note 13. This estimate is for other pre-opening costs and your first three months of necessary operating capital. The estimate does not include an owner's salary or draw. Your need for these funds will vary for numerous reasons, including your geographic location, your management skills, experience, and business acumen, the effectiveness of your staff, the wages paid to your staff (both before and for the first three months after opening,) local and national economic conditions, the market for your products and services, competition, and sales that you realize during this initial period. These are approximate amounts; you may need significantly more initial working capital.

Note 14. To compile these estimates, we have relied upon the experience of our principal, who has operated our Soma Affiliate's Soma studio since 2011. The totals were rounded up to the nearest dollar.

An Affiliate or we do not offer direct or indirect financing for any items.

You should review these figures carefully with a business advisor before deciding to purchase the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You must adhere to the standards and specifications we establish for your Soma Massage Therapy Studio, including its operating procedures, advertising materials, supplies, Computer System, massage center equipment, furnishings, fixtures, equipment, Branded Products, Permitted Products, and certain other items, products, or services. We will continue to formulate these specifications. At our discretion, we may modify any standard or specification at any time on a local, regional, or national basis after giving you no less than 60 days' prior written notice.

We may communicate our standards and specifications to you when we evaluate your proposed Soma Massage Therapy Studio location, during training, before you conduct your Grand Opening advertising, during periodic visits to your Soma Massage Therapy Studio, or through our confidential operations manual, periodic bulletins, handouts, email messages, or other forms of communication we determine (collectively, the "Operations Manual"). We may periodically modify or issue new standards and specifications by written notice.

Required and Approved Suppliers

Our approved vendors are the only suppliers of inside and outside decor items, the Initial Inventory, the Branded Products, and the Permitted Products. You may be required to purchase replacements for items delivered to you by us, the Initial Inventory, and Branded and Permitted Products.

You must use the Computer System we require. You must purchase the POS Software only from our approved vendor. You must use our POS Software vendor's merchant services and pay their then-current cost-per-transaction fee.

We reserve the right to designate an Affiliate or us as the provider of Local Advertising within your Protected Territory after giving you no less than 60 days' prior written notice.

We also reserve the right to designate an Affiliate or us as the vendor for Branded or Permitted Products or as the vendor for any other service, good, or item you may be required to use in the Business's operations.

We do not have one now, but we may introduce a loyalty or gift card program in the future. We will provide you with no less than 60 days' written notice before implementing the program or programs.

We may require all franchisees to add new products, technology, or services to those already sold at Soma Massage Therapy Studios, and may assess new fees to address market demands and new technologies. You may be required to pay such fees and costs to us, our Affiliates, or our approved suppliers. We or our Affiliates may be the only approved suppliers of these products and services.

We may also assess other fees or costs we deem appropriate to help with the Soma Massage Therapy Studio's operations. Such fees or costs may be assessed locally, regionally, or nationally and may apply to one, some, or all franchisees. We will notify you in writing and give you no less than 60 days to comply. Such fees may be payable to an Affiliate or us. We have no formula to determine if or when this will occur, and cannot identify any changes at this time. As a result, we cannot quote the cost of any possible change to you.

You will permit us access to the Soma Massage Therapy Studio for inspections at any reasonable time. During an inspection, we may remove samples of Branded or Permitted Products or other wares without payment to you for these items. We may charge you our costs if we inspect the Franchised Location and operations and determine there is a deficiency.

You may purchase all other equipment or materials from an approved source. A list of approved products and suppliers will be made available online, in policy and procedures statements, or as provided to you by other written communication. We may amend the list at our discretion.

Except for those goods, services, and supplies you must purchase from an Affiliate or us, there are no approved suppliers in which any of our officers own an interest. Except as stated here, our Affiliates and we are not approved vendors or suppliers.

For each Soma Massage Therapy Studio operated by you and before opening, you will purchase and maintain in full force and effect the following insurance coverage (which is more fully described in the Franchise Agreement at Article 17):

(a) Commercial General Liability insurance, including coverage for completed operations, contractual liability, personal and advertising injury, premises liability, premises-rented coverage, product liability, fire damage, including fire damage legal liability of not less than \$300,000, and medical expenses with a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

(b) Excess Liability Umbrella coverage for general liability of not less than \$1,000,000 per occurrence and \$1,000,000 in the aggregate. All such coverage will be on a per-occurrence basis.

(c) Worker's Compensation Insurance as required by state law, plus Employer's Liability coverage of not less than \$1,000,000 per accident and \$1,000,000 for each employee.

(d) Employment Practices Liability coverage of no less than \$1,000,000 per claim, which coverage must include first- and third-party coverage plus wage and hour defense with a sub-limit of not less than \$25,000 and joint-employer co-defense language for the franchisor.

(e) Business Income and Extra Expense coverage of at least 12 months' income replacement, plus business personal property and tenant improvements and betterments coverage at full replacement cost with the "**Special Causes of Loss**" form included.

(f) Comprehensive crime and blanket employee dishonesty insurance of not less than \$5,000.

(g) Professional Liability Insurance for you and all personnel that provide Services to Clients, covering professional negligence, bodily injury, legal defense costs, coverage for judgments and misrepresentations with an "additional insured" or "co-defendant" endorsement in our name with coverage of at least \$1,000,000 per claim and \$2,000,000 in the aggregate.

(h) Sexual Abuse and Molestation (SAM) coverage of at least \$500,000 for each incident and \$1,000,000 aggregate, with an additional insured or co-defendant endorsement in our name.

(i) To the extent that it is not included in any of the above policies, you must also have insurance covering alleged violations of the Health Insurance Portability and Accountability Act (HIPAA) for not less than \$250,000 per occurrence and \$500,000 in the aggregate.

All policies must name you, your business entity, and us as additional insureds, and each must include a waiver of subrogation in our favor.

We reserve the right at any time to change the required insurance coverage after giving you no less than 60 days' prior written notice.

Although we require certain insurance coverage and may recommend other policies, we do not guarantee that the required or recommended insurance will be adequate to protect you, your employees, or your assets fully. You should consult with an insurance professional to determine what insurance coverage may be needed for you and your Soma Massage Therapy Studio in addition to the minimum required insurance coverage. We or our Affiliates will be named as additional insureds on all policies.

If you fail to carry the insurance we require, we retain the right, but not the obligation, to purchase the same in your name, in which case you will reimburse us for the cost and will also pay an administrative fee of the greater of 15% of the premiums paid or \$1,500.

Approval of Alternative Suppliers

You may wish to purchase a required good or service from a supplier that we have not previously approved. We do not maintain written criteria for approving suppliers. To obtain our approval, you must submit such information as we may reasonably need to evaluate the prospective supplier. We will evaluate the submitted information and provide written notice of our decision within 30 days. We may grant or deny approval for any reason or no reason. We have no other process for approving suppliers other than as stated here. We may charge our then-current fee for this service, and such fee may be increased at any time without limitation. We will provide you with 60 days' written notice before implementing or increasing this fee.

We may revoke our approval of a supplier if we determine in good faith that the supplier no longer meets our then-current quality standards. We will notify you of any such revocation.

Revenue from Franchisee Purchases

As of December 31, 2024, we received no revenue from selling equipment or other goods or services that must be purchased from an Affiliate or us.

The cost of purchases and the leasing of goods and equipment obtained under our specifications will represent approximately 85% of your total purchases and leases of goods and services to establish your Soma Massage Therapy Studio, and approximately 40% of your total purchases during the operation of your Soma Massage Therapy Studio.

We do not currently receive rebates from suppliers, but we may do so in the future based on the products purchased by our franchisees. We will use the rebates at our sole discretion and may, but are not required to, pass rebates on to our franchisees in any manner we deem appropriate.

Cooperatives

We do not currently have any regional purchasing or distribution cooperatives in your area, but we may establish one in the future. The purpose of cooperatives is to obtain goods and services at more competitive prices. You will join any cooperative we may require. Goods and services provided by a cooperative will be of the same quality required for all Soma Massage Therapy Studios.

Negotiated Prices

We have negotiated prices with our suppliers to benefit our franchisees and will continue to do so in the future.

Material Benefits

We do not provide or withhold material benefits based on whether you purchase through our designated or approved suppliers. However, if you purchase any goods, items, or services from a supplier we have not approved of or if you provide goods or services we have not approved, we have the right to terminate your Franchise Agreement.

ITEM 9

FRANCHISEE’S OBLIGATIONS

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

Obligation	Articles in Franchise Agreements	Item in Disclosure Document
(a) Site selection and acquisition/lease	Article 2	Items 7 and 11.
(b) Pre-opening purchase/leases	Article 2	Item 8.
(c) Site development and other pre-opening requirements	Article 2	Items 6, 7, and 11.
(d) Initial and ongoing training	Article 7	Item 11.
(e) Opening	Article 2	Item 11.
(f) Fees	Article 3	Items 5, 6, and 7.

Obligation	Articles in Franchise Agreements	Item in Disclosure Document
(g) Compliance with standards and policies/operations manual	Articles 6 and 8	Item 11.
(h) Trademarks and proprietary information	Article 6	Items 13 and 14.
(i) Restrictions on products/services offered	Articles 1 and 8	Items 11 and 16.
(j) Warranty and customer service requirements	Article 8	Item 16.
(k) Territorial development and sales quotas	Not Applicable	Not Applicable.
(l) On-going product/service purchases	Article 8	Item 8.
(m) Maintenance, appearance, and remodeling requirements	Articles 2 and 8	Item 11.
(n) Insurance	Article 17	Items 7 and 8.
(o) Advertising	Article 3	Items 6, 7, and 11.
(p) Indemnification	Article 14	Item 6.
(q) Owner's participation/management/staffing	Article 8	Items 11 and 15.
(r) Records and reports	Article 3	Item 11.
(s) Inspections and audits	Articles 3 and 8	Item 6.
(t) Transfer	Article 9	Item 17.
(u) Renewal	Article 4	Item 17.
(v) Post-termination obligations	Article 15	Item 17.
(w) Non-competition covenants	Article 15	Item 17.
(x) Dispute resolution	Article 16	Item 17.
(y) Other:	None.	None.

ITEM 10

FINANCING

We offer no direct or indirect financing arrangements to you. We do not guarantee your notes, lease, or any other obligations.

ITEM 11

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

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

Pre-Opening Assistance

Before you open your Soma Massage Therapy Studio, B-Well Enterprises will:

a. Assist you in selecting your Franchised Location. (This Item 11 and the Franchise Agreement, Articles 2 and 5).

- b. Review the lease for your Soma Massage Therapy Studio location. (Franchise Agreement, Articles 2 and 5).
- c. Designate your “Protected Territory”. (see Item 12) (Franchise Agreement, Articles 2 and 5).
- d. Furnish mandatory design specifications and layout criteria for the construction of your Soma Massage Therapy Studio. (Franchise Agreement, Articles 2 and 5).
- e. Supply a list of approved vendors from whom you must purchase your Initial Inventory of Branded Products, Permitted Products, and all furniture, fixtures, and equipment. (Franchise Agreement, Articles 2 and 5).
- f. Offer training as specifically set forth in this Item 11. (Franchise Agreement, Articles 5 and 7).
- g. Review and approve your Grand Opening activities. (Franchise Agreement, Section 3).
- h. You may request that we visit your site to help with your opening. If we agree to do this, you and we will agree on the time we will spend together. We may charge our then-current Opening Help Fee, plus our travel, room, and board, if we agree to provide this service. (Franchise Agreement, Articles 5 and 7).
- i. Loan you one copy of the Operations Manual (Franchise Agreement, Article 5).

Opening Schedule

The typical length of time between the date that you and we sign the Franchise Agreement (Effective Date) and the opening is three to six months. (Opening Date). You must be open for business no later than 5:00 p.m. (in the time zone in which our headquarters is currently located) on the last day of the ninth month following the Effective Date. (Opening Deadline). If the Effective Date is other than the first day of a month, the Opening Deadline will increase by the number of days remaining in the month in which the Effective Date occurred. In all cases, your Opening Date will never be later than the Opening Deadline.

We will extend the Opening Deadline for a limited period if factors beyond your reasonable control prevent you from meeting the date and you request an extension of time from us at least 15 days before the expiration of the Opening Deadline. Factors that may affect the period required to open your Soma Massage Therapy Studio include the time you spend obtaining financing, building permits, zoning permits, necessary licenses, and the availability of labor or materials.

Post-Opening Assistance

During the operation of your Soma Massage Therapy Studio, B-Well Enterprises may:

- a. Modify, update, or change the System, including, without limitation, (i) adopting or using new or modified lists of authorized and approved suppliers, trade names, trademarks, service marks, or copyrighted materials, (ii) authorizing new products, services, and the like, and (iii) providing a new or evolved training programs and other services, Branded Products, Permitted Products, new operational techniques, technology, or new fees (Franchise Agreement, Article 5).

- b. Collect and administer advertising using the National Brand Fees. (Franchise Agreement, Article 3).
- c. Provide feedback from our access to your Computer System. (Franchise Agreement, Article 5).
- d. Periodically advise or offer guidance concerning your Soma Massage Therapy Studio's operations in addition to the help you request. (Franchise Agreement, Articles 5 and 8).
- e. Conduct quality control visits (both announced and unannounced) and use a "secret shopper" program. (Franchise Agreement, Articles 5 and 8).
- f. Continue to supply replacements for items purchased from us and supply additional Branded Products, Permitted Products, and other goods and services through our approved vendors. (Franchise Agreement, Articles 2 and 8).
- g. Continue to offer training for all Designated Managers and Principal Operators. (Franchise Agreement Articles 5 and 7).
- h. When we deem it appropriate, conduct an annual conference during which new ideas and other matters will be discussed. (Franchise Agreement, Article 7).
- i. We reserve the right to designate an Affiliate or us as the vendor for Branded or Permitted Products or as the vendor for any other service, good, or item you may be required to use in the Business's operations.

We may suggest pricing schedules from time to time. We do not currently set minimum or maximum prices for any products, goods, or services, though we reserve the right to do so in the future. Using our suggested prices does not imply that you will optimize Gross Sales or profits.

Except for the minimum required insurance requirements and criminal background checks, we provide no direction or guidance concerning your employees. Your employees are not our employees. (Franchise Agreement, Article 7).

Additional Support

You may request additional operating assistance (Additional Operating Assistance), and we may provide you with additional, supplemental, or remedial training and support on an as-needed basis as you request or as we deem reasonably necessary. We may require you to pay the then-current fee (plus our travel, room, and board, or your travel, room, and board, if applicable) for such services. Some of this additional training may be mandatory if we introduce new Services, programs, goods, items, and products. Additional training can take place at any time, including in-person training at your location, our location, or online. We will notify you of any mandatory or voluntary additional training and the requisite fee at a reasonable time before such training.

Advertising

Grand Opening

You must spend at least \$3,000 to promote the Grand Opening of your Soma Massage Therapy Studio. The Grand Opening will occur on a mutually acceptable date, but no later than three months after

your Opening Deadline. We must approve your Grand Opening plans in the same manner we approve of your local advertising. In our sole discretion, we may send a representative to assist you on the day before your Grand Opening and for the subsequent two days to support your initial operations. We may charge our then-current Opening Help Fee.

Local Advertising

We currently require you to spend 2% of the Gross Sales (Local Advertising Fee) each month on advertising (Local Advertising) with vendors of your choice. Local Advertising may be placed in any media you choose.

You must deliver copies of the proposed advertising to us before it is placed in any medium. Once delivered, we will have 15 days to review it. The proposed Local Advertising materials will be deemed acceptable if we do not deliver a written rejection notice within 15 days after delivery. You may be required to display our brochures or other materials that advertise the availability of franchise opportunities.

You must advertise only within your Protected Territory unless we permit you to advertise elsewhere.

We reserve the right to increase the Local Advertising Fee to no more than 4% after first giving you no less than 60 days' prior written notice. We also reserve the right to designate an Affiliate or us as the provider of such services upon giving you no less than 60 days' prior written notice.

Online Sites

“Online Site” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the “Internet,” webpages, microsites, social networking sites (e.g., Meta™, Twitter®, LinkedIn®, YouTube®, Snapchat®, Pinterest®, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., iPad® or Android® apps), and other applications that refer to our Marks, the System, or us. “Internet” refers to a global system of interconnected computer networks that use a common computer protocol to communicate between them. Included in this definition are the “World Wide Web,” social media, and similar methods by which persons communicate between electronic devices.

Online sites are considered both national and local marketing channels. You may not establish an Online Site nor offer, promote, or sell any products or services or make any use of the Marks through an Online Site without our prior written approval, which we may grant or deny for any reason or no reason.

As a condition to granting consent, we have the right to establish any requirement we deem appropriate. In addition, we may require that your only presence on the Internet will be through one or more web pages we establish on our website.

If you decide to design and operate an Online Site, you must provide us with the information we may require, including programming code, content, and other documentation, at least 60 calendar days before the Online Site goes live. We will then have 30 days within which to approve the proposed information. If we do not deliver written notice to you within that time, your Online Site is deemed approved.

You may not use a derivative of the www.somadenton.com or MySomaMassage.com URLs or acquire any URL that may be construed as a representation of the Marks or System without our approval, which will be granted or denied for any reason or no reason.

National Brand Advertising

You are required to pay us a monthly fee of 2% of your Gross Sales (National Brand Fee) to develop national brand awareness and collateral materials (National Branding).

The National Brand Fee will be placed into a bank account (which may or may not bear interest) or another account we deem appropriate (National Brand Account). The National Brand Account is not a trust, and we assume no fiduciary duty in administering it. Any unused funds from one year will be carried over to the next.

We will administer the National Brand Account at our sole discretion. National Brand Fees may be used, without limitation, for the creation, production, and placement of advertising in local, regional, or national media and may pay for in-house or outside agency costs and commissions. It may also be used to offset our costs associated with the preparation of and presentation of an annual convention, the creation of Internet advertising, video, audio, and written advertisements, and for the payment to us of costs related to administering the National Brand Account, including, without limitation, reasonable salaries, administrative costs, costs allocated to any conferences, travel expenses, and overhead, and for any other commercially reasonable purpose consistent with this paragraph.

We make no guarantee to any franchisee that advertising expenditures from the National Brand Account will benefit any franchisee directly or on a *pro-rata* basis. We assume no direct or indirect liability or obligation to you concerning the collection of National Brand Fees or, except as stated above, the maintenance, direction, or administration of the National Brand Account.

Upon your prior written request, we will make an annual unaudited financial statement for the National Brand Account available to you no later than 120 days after the end of each calendar year.

Any company-owned or Affiliate-owned Soma Massage Therapy Studio will contribute National Brand Fees on the same basis as franchisee-owned Soma Massage Therapy Studios. National Brand Fees may be used to solicit franchise sales.

We may increase the National Brand Fee by any amount at any time after giving you no less than 60 days' prior written notice.

We collected no National Brand Fees in 2024.

Regional Advertising Program

Upon 30 days' prior written notice to you, we may allocate all or a portion of the National Brand Fees or your Local Advertising Fee obligations to a regional advertising program (Regional Advertising Program) for the benefit of Soma Massage Therapy Studios located within a designated geographic territory. We will define the territories, require all franchisees and company-owned Soma Massage Therapy Studios within such territories to contribute equally, and only use those contributions for advertising purposes. We will control and administer Regional Advertising Programs. There will be no written governing documents. Upon your prior written request, we will make unaudited annual financial statements available to you within 90 days of the date you request the same.

We intend for the National Brand Account and any Regional Advertising Programs to be continual and perpetual, but we have the right at any time to change, dissolve, merge, suspend, or reinstate the National Brand Account or any Regional Advertising Programs. We will not close the National Brand

Account or a Regional Advertising Program until all contributions and earnings have been used for the purpose for which they were collected or refunded.

We do not now have an advertising council. We reserve the right to create one in the future.

Gift Cards and Similar Programs

We do not have one now, but we may introduce a loyalty or gift card program in the future. We will provide you with no less than 60 days' written notice before implementing the program or programs.

Computer System Requirements

You must own or purchase our then-current computer hardware and software packages. The "Computer Hardware" will be a laptop or desktop computer using the most current Apple or Microsoft operating system and having at least 16 megabytes of Random Access Memory (RAM) and 250 gigabytes of hard drive or solid-state memory, along with a keyboard, mouse, and monitor. You will also obtain a license to use the Microsoft Office 365 "Business Standard" software suite, which currently costs approximately \$12.50 per month, QuickBooks Online "Plus," which currently costs \$60 per month, our then-current mix of Business Management Programs, that currently cost approximately \$1,573 for the first three months of use, (the "Computer Software"), and the POS Software from our designated supplier at a cost of around \$333 per month. Together, the Computer Hardware and Software are referred to as the "Computer System." If you do not have compatible Computer Hardware, it could cost you \$1,000 or more to purchase.

It is expected that your Computer System will function as your POS hardware using our approved vendor's POS software (POS Software). You have the option, but are not obligated to purchase certain hardware, such as a dedicated credit card reader or cash drawer, through our POS Software vendor. This decision is yours, although we reserve the right to require you to purchase or lease such items from the POS Software vendor in the future. As the decision regarding the hardware you purchase is up to you, we cannot quote the vendor's approximate costs to you.

The POS System vendor will provide merchant services to you at a cost-per-transaction fee. The current cost can range between 2.5% and 4.0% per credit/debit card transaction and between \$0.15 and \$0.30 as a per-swipe transaction fee, depending on such factors as the presence of the person with or without their credit/debit card, whether the numbers have to be manually entered, and the like. They may change this fee structure at any time and by any amount, and you will be required to pay the same. We do not have a formula for determining if, when, or in what amount this could be, so we cannot provide a quote at this time.

You are not required to purchase a Computer System maintenance contract at this time, although we reserve the right to require one in the future, and a cost will be associated with such contracts. We have no criteria for this and no formula for estimating such costs, so we cannot provide a quote at this time. Even without a maintenance contract, you must maintain the Computer System as often as necessary to keep it operational, and this could cost \$100 to \$500 per year for each system.

We may also require you to update or change the POS System Software or providers every two years during any term of the Franchise Agreement, each time you are awarded renewal rights, and upon a transfer, or if new programs or hardware are added in order to update the operation of the Business. We have no method of determining if or when this may occur, and cannot quote a cost or fee for this.

We may require you to update any component of the Computer Hardware every five years during any term of the Franchise Agreement, each time you are awarded renewal rights, and upon a transfer. This could cost \$1,500 or more. We also reserve the right to change the mix of Computer Software and suppliers of any component of the Computer Software at any time. This may result in additional costs to you. We have no method of determining if or when this may occur, and cannot quote the cost of this to you.

You must install and then maintain virus protection software from any manufacturer.

You must maintain high-speed Internet access to the Computer System and use your best efforts to keep all equipment connected, powered on, and in good working order to ensure our access to the information and data regarding your Business.

You must have a business telephone system with rollover that supports three phones for incoming/outgoing calls.

We will have independent access at any time we deem appropriate to all business-related information generated and stored with the POS Software vendor and such information on the Computer System. At our discretion, we will make available certain aggregate data (without identifying the name of any franchisee or its location) to help you better manage your Soma Massage Therapy Studio. There are no contractual limitations on our right to access this information.

Operations Manual and Table of Contents

We will loan you one copy of the Operations Manual, but it will always remain our property because it is part of the System and contains our confidential, Proprietary Information, and trade secret information. The Table of Contents of the Operations Manual is found at Exhibit C of this disclosure document. The Operations Manual contains approximately 120 pages. The Operations Manual may be delivered to you in writing, made available to you online, or provided in another manner at our discretion.

Franchised Location Selection

If you do not already have a Franchised Location for your Soma Massage Therapy Studio approved by us before you sign your Franchise Agreement (in which case you and we will agree upon the perimeter of your Protected Territory before you sign), you and we will identify a “Designated Area” within which to find an acceptable Franchised Location. A Designated Area may be defined by geographic boundaries such as streets, rivers, mountains, or similar physical limitations, political boundaries including city, county, and state lines, ZIP codes, or other measurements we designate to identify its perimeter. We reserve the right to change the method of designing a Designated Area at any time. Your Protected Territory (Item 12) will be within your Designated Area.

You must locate a site for your Franchised Location and submit the site location information we require within 30 days of the Effective Date of your Franchise Agreement. We will have 30 days to approve or disapprove your proposed site. If we do not approve of your first proposed site, you will have an additional 60 days to find another site and submit it to us for approval. If you fail to meet the deadlines for selecting a site or submit incomplete information, we will deliver written notice to you, and you will have 15 days to cure the deficiency. If you fail to cure the deficiency or if we fail to reach an agreement regarding a site, we have the right to terminate your rights under the Franchise Agreement and retain all fees. Even if your rights are terminated, all restrictive and other covenants of your Franchise Agreements that must survive termination to remain enforceable will survive.

Our assistance in selecting and reviewing a proposed Franchised Location is limited to providing written criteria for a Franchised Location and reviewing the information provided to determine whether the location fulfills the requisite criteria. We have no particular expertise in identifying or approving location sites for Franchised Locations.

We base our approval of your proposed site on a variety of factors using our Reasonable Business Judgment, including the various demographic characteristics of the site (e.g., population density, income, and the like), geographic, political, and physical boundaries, the extent of competition, mix of residential and commercial, and whether the proposed site is urban, suburban, or rural.

If you request it and we agree, or if we deem it advisable, we will send a representative to the site to review it. If we do, you may have to pay our then-current Opening Help Fee, plus our travel, room, and board.

After we approve your proposed Franchised Location, you will have 30 days to negotiate a lease that must be submitted for review. We will review the lease within 15 days of receiving it.

We have the option to require that the lease be collaterally assigned to us by a collateral assignment agreement (Exhibit 4 to Franchise Agreement is a sample of such an agreement) or that it contain the following terms and conditions:

(i) The landlord must agree that the lease and your right, title, and interest under the lease may be assigned to us or our designee without the landlord's consent.

(ii) The landlord must provide written notice to us at the same time it gives such notice to you of any default by you under the lease. We must be given an additional 15 days after your period of cure has run to cure, at our sole option, any such default, and upon the curing of such default, we must be given the right to enter the leased premises and assume your rights under the lease as if you had assigned the lease to us.

Licenses and Permits for Construction and Operations

You must build out the Franchised Location using the generic plans that we supply you. You will have the plans conformed to the site by your architect or other professional.

You must obtain all licenses, permits, and certifications required for the lawful construction and operation of your Soma Massage Therapy Studio, including health and safety permits, zoning, access, parking, sign permits, massage therapy certifications and licenses, and similar permits and licenses. We do not provide assistance with conforming the Franchised Location to local ordinances and building codes or obtaining any required licenses or permits. You will certify to us in writing that all such permits, licenses, and certifications have been obtained before the Opening Deadline.

We reserve the right to terminate this Franchise Agreement if you are unable to obtain all necessary permits for your operations. However, all covenants of the Franchise Agreement that must survive termination to remain enforceable will survive and remain enforceable. No refund will be granted.

If you request it and we agree, or if we deem it advisable, we will send a representative to the site to ensure that construction is completed to our specifications. If we do, you may have to pay our then-current Opening Help Fee, plus our travel, room, and board.

Inventory, Maintenance, and Renovation

You must keep your Soma Massage Therapy Studio fully stocked with the necessary inventory items.

You may be required to “Renovate” your Soma Massage Therapy Studio once every five years during a Term (including when you are granted renewal rights) and at the time of a transfer to meet our then-current configuration. “Renovations” are the changes we may require you to make to the Soma Massage Therapy Studio to meet our then-current configuration and may include changes to the mix of massage center equipment, the layout of the massage center, Branded and Permitted Products, interior and exterior decor, furniture, fixtures, equipment, and changes to conform to the then-current System look and feel.

The requirement to add new or different equipment from time to time, or the introduction of different Services or other goods and services sold through your Soma Massage Therapy Studio, are not Renovations. This may occur at any time, for which you may be required to expend funds on a one-time or ongoing basis.

General maintenance of your Soma Massage Therapy Studio, including repainting, replacing worn furniture, fixtures, and equipment, cleaning, and the like, is not a Renovation. Such maintenance will occur as often as necessary to maintain a clean and attractive Soma Massage Therapy Studio.

Training

Initial Training

For the first franchise you are awarded, and no later than two weeks before you open, your Principal Operator, you (if you are a natural person), and your Designated Manager must complete our initial training program (Initial Training) to our satisfaction. If you fail to do so, we have the option to terminate your franchise rights (though all covenants of the Franchise Agreement that must survive termination to remain enforceable will survive) and will, in that case, refund 50% of your IFF.

Initial Training lasts approximately five business days, with approximately five hours of classroom training and 40 hours of on-the-job training, and is conducted at our Soma Affiliate’s location in Texas or another location we determine. We offer Initial Training as needed to meet our franchisees’ needs, but no more often than once each month. The training materials include the Operations Manual, handouts, or other written or online instructional materials we provide.

We reserve the right to waive a portion of Initial Training or alter the training schedule or content at our discretion if we determine that you or your designated attendee has sufficient prior experience or training. You must complete Initial Training before you open.

You will pay for any transportation, living expenses, and wages incurred to attend the training.

All replacement Designated Managers and Principal Operators must take and pass Initial Training during any term. You will pay our then-current fee for this service. Some or all of such training may be online. If not, the personnel may be required to attend training at a facility we designate, or we may travel to your location to provide on-site training. You will be responsible for all costs associated with travel, room, board, and wages if you travel to us, and you will reimburse us for our travel, room, and board if we travel to you. In any case, you will pay our then-current fee for such training. (Item 6.)

If you propose selling or transferring your Soma Massage Therapy Studio to a third party, part of our approval process will require the transferee to attend the then-current Initial Training and pay the then-current fee. (Item 6).

For the first Soma Massage Therapy Studio you open, we may send a representative to you on the day before you open and for the following two days to help with your Grand Opening and initial operations. We may charge our then-current Opening Help Fee.

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Live Orientation	1	0	Denton, Texas, or another location we approve.
Hands-on Operations, Maintenance, and Use of Equipment	0	20	Denton, TX, or another location we approve.
Soma Center Management	2	5	Denton, TX, or another location we approve.
Additional Marketing and Technology	2	15	Denton, TX, or another location we approve.
TOTAL	5 hours	40 hours	

Initial Training will be directed by Amber Briggle, identified in Item 2. Ms. Briggle has over 13 years of experience operating our Soma Affiliate’s location and training their employees in all the above subjects. Our Affiliate’s operation is substantially similar to the Soma Massage Therapy Studio you will operate. In the future, other people active in our operations and administration may assist with Initial Training. As we have not identified such personnel, we cannot now provide their experience or other information.

We may provide additional training at our discretion or if you ask for it and we agree to provide it. Some of this additional training may be mandatory if we introduce new Services, programs, goods, items, and products. We may charge our then-current fee for such mandatory or optional assistance (Item 6), plus our travel, lodging, and meal expenses. Additional training can take place at any time and may include training conducted online, at your Franchised Location, or at any other location we designate. We will notify you of any mandatory or voluntary additional training and the requisite fee at a reasonable time before such training is scheduled to occur.

From time to time, we may, in our sole discretion, provide such bulletins, brochures, plans, policies, developments, manuals, and reports as we may deem to be relevant to the operation of your Soma Massage Therapy Studio.

Remedial Training

If you fail to meet the “Minimum Sales Obligations” (Item 12), we have the option, but not the obligation, to offer you remedial training (Remedial Training) to help you meet the Minimum Sales Obligations goals.

If offered, Remedial Training may be of any length and include any curriculum we deem appropriate, and may take place remotely, at our then-current headquarters, or at your Franchised Business. The training materials and identity of the trainers will be determined before such training, and you will be informed of the same in writing. You will pay your travel, room, board, and wages (if any) for your attendees if you travel to us, will pay for our travel, room, and board if we travel to you, and will pay our then-current fee for such additional required training regardless of its location. We will give you no less than 30 days' prior notice if we require you to take this training.

Annual Conferences, Local Meetings, and Regional Meetings

At such time as we deem it appropriate, we may hold an annual conference for which attendance will be mandatory. Though none is now required, we may require you to pay our then-current Annual Conference Attendance Fee in the future. We will let you know if and in what amount this fee may be before attending the Annual Conference. You will be responsible for paying all expenses for travel, accommodations, food, and other expenses incurred. When it is known, you will be provided with the duration and location of such annual conference meeting, the identities of those persons who will present information at the annual conference, any attendance fee to be collected, and the content of any seminars or information to be delivered. Any annual conference will be held at a location we determine.

If we hold any local or regional meetings, they will last between one and two days and will be held at a location we determine within a reasonable commuting distance from you. Any instructors at such meetings will be people whose identities and backgrounds will be disclosed to you before the meeting.

ITEM 12

TERRITORY

You will operate your Soma Massage Therapy Studio and use the Marks, the Proprietary Information, and the System only at your Franchised Location. You will receive a "Protected Territory" that we will describe. The perimeter of your Protected Territory will be defined by one or more geographic limitations such as streets or mountains, population density, ZIP Codes, political subdivisions such as a city or county, whether the location is in an urban or rural environment, or other boundaries, and will have no specific geometric shape or demographics. For instance, a location in New York City may have a Protected Territory defined by streets and may be a few blocks in size. A location in a rural setting may have a Protected Territory that encompasses the entire town. If you have a Franchised Location approved before you sign the Franchise Agreement, you and we will agree on your Protected Territory at the time of signing the document. If you do not have a Franchised Location approved at that time, we will designate your Protected Territory at the time we approve the location and lease.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

For so long as you comply with your Franchise Agreement, we will not permit another franchisee, company-owned, or Affiliate-owned Soma Massage Therapy Studio to operate within your Protected Territory.

We currently have no plans to establish other related franchises or company-owned businesses that sell similar products or services under a different name or trademark, but we reserve the right to do so in the future.

Minimum Sales Obligations

The maintenance of your Protected Territory and your continued right to operate the Franchised Business is contingent on you achieving and then maintaining the level of Gross Sales (Minimum Sales Obligations) identified below:

a. For the 12 months beginning on the first anniversary of your Opening Date, your minimum yearly Gross Sales must be \$150,000.

b. For the 12 months beginning on the second anniversary of your Opening Date, your minimum yearly Gross Sales must be \$200,000.

c. For the 12 months beginning on the third anniversary and for every 12 months after that during the Initial Term, your minimum yearly Gross Sales must be \$250,000.

If your Opening Date was other than the first day of a month, the first anniversary of your Opening Date will occur on the first day of the first month following the month in which your Opening Date occurred. For the avoidance of doubt, each year referred to here means 12 consecutive full months. The 12 months may not be a calendar year. At the end of such 12 months, the next level of minimum Gross Sales will apply.

If you fail to reach the minimum Gross Sales for any 12 months, we will provide you with written notice within 60 days following the end of such period. After that, you will have six full calendar months to increase the minimum Gross Sales such that the minimum Gross Sales annualized for the 12 months will equal or exceed the minimum Gross Sales required. If you are unable to meet this requirement in such six months, we have the option, at our sole discretion, to,

- a. require you to take Remedial Training;
- b. reduce the size of your Protected Territory;
- c. terminate your franchise rights without any additional right to cure; or
- d. if ourselves of any combination of the above or other remedies available under this Franchise Agreement, it being understood that all of our remedies are cumulative, and the option to avail ourselves of one remedy will not prevent the pursuit of any other remedy.

Additional Development Rights

You receive no additional development rights.

Relocation

You may relocate your Soma Massage Therapy Studio within your Protected Territory only after getting our express written permission, which permission will be considered using our Reasonable Business Judgment. We will approve the new location in the same manner we are then approving sites. We may require you to pay our then-current Relocation Fee. If we are not offering franchises at the time you seek to relocate, we will approve the new location using the criteria we used during the term of your Franchise Agreement and will charge the Relocation Fee identified in the Franchise Agreement. There will be no refund if you cannot find and have approved a new location.

Reservation of Rights

Our Affiliates and we reserve the rights, among others, to:

- a. Own, franchise, or operate businesses that are similar to your Soma Massage Therapy Studio and use the Marks and the System anywhere in the world other than the Protected Territory of your Soma Massage Therapy Studio.
- b. Use the Marks and the System to sell any products or services that may be similar to those you will sell through any alternate channels of distribution anywhere in the world. These alternate channels include retail locations (such as grocery stores or convenience stores), television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. You cannot use alternate channels of distribution without our express permission, which may be granted or denied for any reason or no reason. We will not compensate you for soliciting or accepting such orders from inside your Protected Territory.
- c. Use or license others to use anywhere in the world or through alternate channels of distribution other trademarks, trade names, service marks, and logos that are different from the Marks in the operation of a business that offers goods, services, and related products and services which may be similar to or different from those offered by your Soma Massage Therapy Studio.
- d. Purchase, be purchased by, merge, or combine with any other business, including a business that competes directly with your Soma Massage Therapy Studio, wherever located, so long as the trademarks, trade names, logos, or similar marks of such competitive business are different from the Marks.
- e. Acquire and convert to our System any businesses offering services and products similar to those offered by your Soma Massage Therapy Studio, including competitive businesses (but with trademarks that are different from the Marks) that we operate independently or as part of or in association with any other system or chain anywhere in the world; and,
- f. Retain all other rights not specifically granted to you.

Although we can use alternative channels of distribution within your Protected Territory to make sales of goods, items, and services associated with the System and the Marks, or associated with any other system or trademarks, service marks, trade names, logos, and the like, we have not done so as of the date of this disclosure document. We currently have no plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those the franchisee will offer. We reserve the right to do so at any time.

ITEM 13

TRADEMARKS

As used in this disclosure document and the Franchise Agreement, the term “Marks” includes trademarks, service marks, trade names, logos, and other commercial symbols.

Our IP Affiliate has registered the word mark below with the United States Patent and Trademark Office (USPTO):

Registration Number	Description of Mark	Register	Date
7735928	SOMA MASSAGE THERAPY	Principal	March 25, 2025

Our IP Affiliate also claims common law rights to the above Mark, which is registered with the Texas Secretary of State:

We have a license agreement with our IP Affiliate that lasts for 15 years and is automatically renewable for five additional 15-year terms. The license grants us the right to sublicense the Marks to you through the Franchise Agreement. If the license expires or is terminated earlier, our IP Affiliate has agreed that it will license the Marks directly to you.

We grant you the limited nonexclusive right to use the Marks in connection with the operation of your Soma Massage Therapy Studio. You must use the Marks only to operate your Soma Massage Therapy Studio as authorized by us.

There are presently no effective material determinations of the USPTO, or any trademark, trial, and appeal board, any state trademark administrator, or any federal or state court (either pending or threatened) claiming interference, opposition, or cancellation of any of the Marks.

Except for the above license, no currently effective agreements significantly limit our rights to use or license the Marks in any manner material to the franchise. No infringing uses or previous superior rights are known to us that can materially affect your use of the Marks in any state where your Soma Massage Therapy Studio may be located.

There is no pending federal or state court litigation regarding our use or ownership rights in any Marks. All required affidavits have been or will be filed.

You acknowledge that our IP Affiliate and we have the right, at our sole discretion, to control or take any action in or address an administrative proceeding relevant to any possible infringement or illegal use of the Marks, the System, or the Proprietary Information. Our Affiliate or we may commence or prosecute such action in our name and join you as a party to the action if we determine it to be reasonably necessary for the continued protection and quality control of the Marks and each component of the System. Our Affiliate or we will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. Our Affiliate or we have no obligation to defend or indemnify you if the claim against you relates to your use of the Marks if such use violates the Franchise Agreement.

If you learn that a third party is not authorized to use the Marks (or any variant), you must notify us promptly. Our Affiliate or we will determine whether or not to take any action against the third party. You will have no right to make any demand or prosecute any claim against the alleged infringer.

We have secured the “www.somadenton.com” and “www.MySomaMassage.com” Internet domain names. We may secure other domain names at our discretion.

If we determine at our sole discretion that it is necessary to modify or discontinue the use of any Marks, or any portion of the Proprietary Information or the System or to develop additional or substitutes for any such component, you will at your sole expense take such action within a reasonable time after receipt of written notice of such a modification or discontinuation from us as may be necessary to comply with such modification, discontinuation, addition, or substitution. You have no other rights concerning the changes identified in this paragraph. Failure to do so may result in the termination of the Franchise Agreement.

You will notify us in writing of any possible infringement on the Marks or any component of the Proprietary Information or the use by others of any mark, portion of the System, or any Proprietary Information that may be the same as or confusingly similar to that used by us.

Your use of the Marks and any goodwill you establish is to our exclusive benefit, and you retain no rights in the Marks during the term of the Franchise Agreement or upon the termination or expiration of the Franchise Agreement.

You may not use the Marks as a part of any business entity name and may not use any trade name, trademark, service mark, emblem, or logo unless approved by us or as we may periodically designate. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or under applicable law. You must identify yourself as the owner of your Soma Massage Therapy Studio by placing your name on all checks, invoices, receipts, contracts, stationery, or other documents that bear any of the Marks, and on all printed materials, your name must be followed by the phrase “a franchisee of B-Well Enterprises, LLC” or words to that effect.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We hold no patents. We claim common-law copyright protection of our Operations Manual and related materials, advertisements, and promotional materials, although such materials may not have been registered with the United States Copyright Office. We reserve the right to register any of our copyrighted materials at any time we deem appropriate. We know of no copyright infringement that could materially affect you. No agreements limit your use of the System or any copyrighted materials.

We reserve all applicable copyright protection for each component of the Proprietary Information. We will disclose certain elements of the Proprietary Information to you during our training programs, seminars, and conferences, in the Operations Manual, and through guidance furnished to you during the term of the Franchise Agreement. These elements are considered proprietary and confidential, are our property, and may be used by you only as provided in your Franchise Agreement.

No agreements in effect significantly limit your right to use any of the copyrighted materials or Proprietary Information. There are no currently effective determinations of the USPTO, the U.S. Copyright Office (Library of Congress), or any court pertaining to or affecting any of our copyrights discussed above. No infringing uses are known to us that could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

You will notify us in writing of any possible infringement on any component of the Proprietary Information or copyrighted materials and the use by others of any portion of the System, Proprietary Information, or copyrighted materials that may be the same as or confusingly similar to that used by us.

We have the right to control any administrative proceedings or litigation involving our System, the Proprietary Information, or the copyrighted materials. You must promptly notify us if you learn of any claim against you for an alleged infringement, unfair competition, or similar claims about the System or copyrighted materials. We will take the action we deem necessary to defend you. We will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims. We have no obligation to defend or indemnify you if a claim against you is related to your use in violation of the Franchise Agreement.

If we, at our sole discretion, determine it necessary to modify or discontinue the use of any portion of the System or our Proprietary Information or to develop additional or substitutes for a portion of the System or our Proprietary Information, you will, within a reasonable time after receipt of written notice of such a modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

You agree that the Proprietary Information is disclosed to you solely on the conditions (among others) that you will (i) not use the Proprietary Information in any other business or capacity, (ii) maintain the absolute confidentiality of the Proprietary Information during and after the term of the Franchise Agreement, (iii) not make unauthorized copies of any portion of the Proprietary Information disclosed in written form, and (iv) adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Proprietary Information, including, without limitation, restrictions on disclosure to employees of your Soma Massage Therapy Studio and the use of nondisclosure and non-competition clauses in employment agreements with such persons.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Principal Operator, your Designated Manager, or you must personally participate in the direct day-to-day operation of your Soma Massage Therapy Studio, though we always recommend that you personally operate the business day-to-day.

Your Designated Manager, Principal Operator, or you (if you are a sole proprietor) must pass our then-current Initial Training. Any new Principal Operator or Designated Manager must be identified to us within five business days of the person's hire date. The new person must also pass our then-current Initial Training. A Designated Manager does not need to own an equity interest in your franchisee entity. Your Designated Manager must abide by all confidentiality requirements of your Franchise Agreement and may be required to sign a confidentiality and non-competition agreement in the future.

If you execute the Franchise Agreement as a business entity or later convert to a business entity other than a sole proprietorship, your Principal Operator, Designated Manager, you, any officers, directors, managers, members, holders of any equitable interest in your business entity, and all others who may take an active role in the operation and management of your Soma Massage Therapy Studio including, without limitation, any family members of those identified in this sentence may be required to sign a non-disclosure and non-competition agreement, and any owner of 5% or more of the ownership interest in the franchisee entity must sign a personal guaranty assuming and agreeing to discharge all of the franchisee's obligations under your Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all of those Services, products, and goods approved by us and specified in the Operations Manual and any periodic updates incorporated into the Operations Manual. You may not offer any services, products, or goods not specifically approved by us in writing, and you may not use your Business for any purpose other than the operation of your Soma Massage Therapy Studio.

You must be open during the days and hours we designate in the Operations Manuals, by a written handout, or by delivery of notice by other electronic means. We do not impose minimum staffing requirements, though you must have sufficient staff to serve your Clients.

We may add to, delete from, or modify the products and services that you can and must offer, and there are no limits on our right to do so. You must abide by additions, deletions, and modifications to the Operations Manual.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

The Franchise Relationship

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	4.	60 full months. If the Effective Date of your Franchise is other than the first day of a month, the initial term will be extended by the number of days remaining in that month.
b. Renewal or extension of the term	4.	Up to three 60-month terms. You may be required to sign the then-current Franchise Agreement at the time of each new term, which may have terms significantly different than those of the Franchise Agreement attached to this FDD. There is no guarantee that you will be granted renewal rights.
c. Requirements for franchisee to renew or extend	4.	Written notice, full compliance with your Franchise Agreement(s), Renovation, sign the then-current Franchise Agreement, sign the release, pay the renewal fee, and we must have determined in our Reasonable Business Judgment to allow you to renew. The renewal franchise agreement may have materially different terms and conditions from your original Franchise Agreement.
d. Termination by franchisee	10.	Subject to state law, any rights permitted by law after first providing us with the right to cure.
e. Termination by franchisor without cause	Not applicable.	Franchisee is permitted to terminate under any grounds permitted by law.
f. Termination by franchisor with cause	10.1.	We can terminate only if you commit any one of several listed violations. See (g) and (h) below. Read your Franchise Agreement carefully.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined – curable defaults	10.2.	You have ten days to cure any defaults under your Franchise Agreement not described in (h) below. Read your Franchise Agreement carefully.
h. "Cause" defined – non-curable defaults	10.1.	Non-curable defaults: bankruptcy, abandonment of business, failure to pay amounts due after five days' notice, misuse of Marks, negligently or intentionally failing to disclose to us any claim (of any nature or kind) made by any client, disclosure of System, breaches beyond two in a term even if cured, violation of the lease, and loss of possession of the property, understatement of royalties of 4% or more, a cross-default of another agreement, surrender of control of the Soma Massage Therapy Studio or its assets, material judgment against you, failure to follow Manuals, misrepresentation or omission in the application, violation of law and failure to cure, felony or misdemeanor conviction offenses involving moral turpitude or which may affect the System, violation of law, engaging in activity which has an adverse effect on System, unauthorized assignment, improper assignment upon death, failure to timely cure other breaches. Read your Franchise Agreement carefully.
i. Franchisee's obligations on termination/non-renewal	11.	Obligations include ceasing operations and using Marks and Proprietary Information, payment of outstanding amounts, de-identification of Soma Massage Therapy Studio, return of Proprietary Information, assigning phone numbers, and complying with all restrictive and other covenants that survive termination.
j. Assignment of contract by franchisor	9.1.	There are no restrictions on our right to assign.
k. "Transfer" by franchisee – defined	9.2.	Sale, assignment, gift, pledge, court order, death, mortgage, or other disposition of any part of your Franchise Agreement, ownership of you, or your Soma Massage Therapy Studio.
l. Franchisor approval of transfer by franchisee	9.3.	We must approve. See (m) below. Transferee undergoes a background check that we approve, financial resources that we approve, the transferee pays for training

Provision	Section in Franchise Agreement	Summary
		(Item 6), and payment of the transfer fee. We have a 30-day right of first refusal.
m. Conditions for franchisor approval of transfer	9.3.	You must not be in breach of your Franchise Agreement, you must have no outstanding defaults or money owed, you must have submitted all reports, the Franchised Location must be Renovated, you must provide terms to us, the transferee must sign the then-current Franchise Agreement and attend training for which there may be a fee (Item 6), transfer fee paid, you must have signed release, a transferee has the background and financial resources we approve. We have 30 days' right of first refusal.
n. Franchisor's right of first refusal to acquire franchisee's business	9.6.	30 days on the same terms as the <i>bona fide</i> offer.
o. Franchisor's option to purchase your business	12.	Upon termination or expiration of your Franchise Agreement, we have the option (but not the obligation) to purchase a part or all of your assets for fair market value before you offer them to a third party.
p. Death or disability of franchisee	9.5.	Franchise must be assigned to an approved buyer within 180 days.
q. Non-competition covenants during the term of the franchise	15.1.	No involvement in a "Competitive Business." A Competitive Business is a massage center that offers the same Services or commercially similar services being offered by the System at the time this Franchise Agreement expires, is terminated, or is Transferred.
r. Non-competition covenants after the franchise is terminated or expires	15.2.	No involvement in a competing business for 24 months within your Protected Territory or that of another franchisee or company-owned or Affiliate-owned business or within 10 miles from the perimeter of your Protected Territory or 10 miles of the perimeter of another franchisee or company-owned or Affiliate-owned business.
s. Modification of the agreement	18.2.	Only by both parties' written agreement, but the Operation Manual is subject to change.
t. Integration/merger clause	18.1.	Only the terms of your Franchise Agreement are binding, subject to state law. Nothing in the agreement or in any related agreement is intended to disclaim the

Provision	Section in Franchise Agreement	Summary
		representations made in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	16.	Subject to state law, except for certain claims, all disputes will be subject to arbitration if mandatory face-to-face meetings and mediation don't resolve issues.
v. Choice of forum	16.4.	Meetings, mediation, and arbitration are to be conducted within 15 miles of our then-current headquarters (currently in Denton, Texas), subject to state law.
w. Choice of Law	16.4.	Subject to state law, the law of the state where our then-current headquarters is located (currently Texas) at the time.

ITEM 18

PUBLIC FIGURES

We currently do not use any public figures to promote our franchise. No public figure manages or controls us, and no one has invested in us.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

The data below are from the unaudited tax-based accounting financial statements of our Soma Affiliate for calendar years 2022, 2023, and 2024 for the single massage therapy center (Affiliate Massage Center) it has operated during that time.

These are historic financial performance data for the Affiliate Massage Center and not a forecast of future financial performance. The Affiliate Massage Centers are located in Denton, Texas. They offer the same Services and operate their businesses in substantially the same manner as will you. The first Affiliate Massage Center has been open since 2011 and is approximately 2,000 square feet. The second was opened in June 2024 and has been open only for 11 months.

The table below presents:

a. Our Affiliate’s “Gross Sales” generated at both Affiliate Massage Centers. “Gross Sales ” means the total of all revenue and income received from the sale of all Services, Branded and Permitted Products, food, beverages, and other items sold under or through the Affiliate’s Massage Centers, whether or not sold or performed at or from a location, and whether received in cash, as services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. Gross Sales also include the proceeds from business interruption insurance payments and any other revenue reasonably attributable to the operation of their Soma Massage Therapy Studios. Gross Sales do not include sales or similar taxes collected that are chargeable to Clients by law, any documented refunds, credits, charged tips, or sales discounts.

b. Their “Gross Income,” which was obtained by subtracting the cost-of-goods sold (COGS) from the Gross Sales. COGS includes the direct costs associated with the delivery of the Services, which, in this case, refers to all purchases of inventory used with the Clients and the cost of independent contractors that we use as Therapists.

c. Their “Expenses,” which are deducted from the Gross Income. Their expenses include deductions for advertising, bank service charges, depreciation expenses, dues and subscriptions, insurance, meals, professional fees, rent, repairs and maintenance, salaries for officers’ payroll taxes, telephone costs, and similar ordinary and recurring operating expenses.

d. The “Gross Profit,” which is obtained by subtracting the Expenses from Gross Income.

e. The “Margin,” which is obtained by dividing Gross Profit by Gross Sales.

YEAR	GROSS SALES	COST OF GOODS SOLD	GROSS INCOME	EXPENSES	GROSS PROFIT	MARGIN
2022	\$1,217,023	\$630,350	\$586,673	\$361,293	\$225,380	18.5%
2023	\$1,387,553	\$680,137	\$707,416	\$434,237	\$273,179	19.6%
2024	1,261,520	721,191	\$540,343	\$438,270	\$102,073	8.1%
TOTAL	\$3,866,096	\$2,031,664	\$1,834,432	\$1,233,800	\$600,632	
Average	\$1,288,699	\$677,221	\$611,477	\$411,267	\$200,211	
Median	\$1,261,520	\$680,137	\$586,673	\$434,237	\$225,380	

The Expenses, Gross Income, and Gross Profit do not reflect expenses (i) you will have to pay us under the Franchise Agreement, including Royalties, default interest, late fees, transfer or renewal fees, or other fees identified in Item 6 and the Franchise Agreement; (ii) the cost reflected for your Local Advertising Fee (or National Brand Fee, if implemented); (iii) deductions for interest paid on any loans from banks or other lenders; (iv) income or other business taxes incurred because of any local, county, state or federal tax obligations; or (v) amortization costs associated with intangibles, all of which you will have to deduct and which may increase your expenses and reduce the Gross Income, Gross Profit and Margin. Also, our Affiliate is not geographically limited as to the territory in which Clients are located or to advertising only within a certain territory. This should all be taken into consideration when reviewing the above.

Your individual results may differ. There is no assurance that you’ll earn as much.

Written substantiation of the data used in preparing these data will be made available to you upon reasonable request.

Except as stated here, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Amber Briggle, Member, at franchise@mysomamassage.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
Systemwide Outlet Summary
for the Years 2022 to 2024**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the end of the Year	Column 5 Net changes
Franchisee Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company Owned*	2022	1	1	0
	2023	1	1	0
	2024	1	2	+1
Totals	2021	1	1	0
	2022	1	1	0
	2023	1	2	+1

***This includes our Soma Affiliate’s massage centers.**

**Table No. 2
Transfer of Outlets From Franchisees to New Owners (Other than the Franchisor)
for the Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2022	0
	2023	0
	2024	0
Totals	2022	0
	2023	0
	2024	0

**Table No. 3
Status of Franchised Outlets
for the Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Re-acquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at the End of Year
None	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Total	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

**Table No. 4
Status of Company-Owned Outlets
for the Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 9 Outlets at the End of Year
Texas	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	1	0	0	0	2
Total	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	1	0	0	0	2

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

Column 1 State	Column 2 Agreements Signed but Outlets Not Opened	Column 3 Projected New Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
Texas	0	1	1
Totals	0	1	0

Exhibit D lists the names of all current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2024. Exhibit D also lists the name, city, state, and the current business telephone number (or, if unknown, the last known home 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 our most recently completed fiscal year or who has not communicated with us within ten weeks of the issuance date of this disclosure document.

Franchisees have not signed confidentiality agreements with us during the last three years. In some instances, current or 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 all such franchisees will be able to communicate with you.

Exhibit G lists, to the extent known, the names, addresses, telephone numbers, e-mail addresses, and Web addresses of each trademark-specific franchisee organization associated with the franchise system being offered, which we have created, sponsored, or endorsed. Exhibit G also lists the independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached at Exhibit E are our unaudited Compiled Financial Statements as of December 31, 2024. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED OUR STATEMENTS OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONSENT OR FORM. As we have been in business for less than three years, we do not have all the financial statements required by law.

ITEM 22

CONTRACTS

The following franchise-related contracts are attached as exhibits to this disclosure document:

Franchise Agreement – Exhibit B

Exhibit 1	IFF and Statement of Ownership
Exhibit 2	Designated Area, Franchised Location, Protected Territory
Exhibit 3	Guaranty
Exhibit 4	Collateral Assignment of Lease Agreement
Exhibit 5	Collateral Assignment of Contact and Electronic Information
Exhibit 6	General Release
Exhibit 7	State Addenda
Exhibit 8	SBA Addendum
Exhibit 9	Closing Acknowledgments

ITEM 23

RECEIPT

The Receipt is found at the end of this disclosure document.

EXHIBIT A

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

**NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES
AND REGISTERED AGENTS IN STATES**

The following is a list of state administrators responsible for registration in these states. We may register in one or more of these states.

California

Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, California 94104

Commissioner of Department of Financial Protection and Innovation
320 West Fourth Street, Suite 700
Los Angeles, California 90013

Commissioner of Department of Financial Protection and Innovation
651 Bannan Street, Suite 300
Sacramento, CA 95811
(866) 275-2677

Connecticut

Connecticut Banking Commissioner
Department of Banking
Securities and Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103
(860) 240-8299

Florida

Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, Florida 32399-6500

Hawaii

Commissioner of Securities
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Kentucky

Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

Maine

Department of Professional and Financial Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, Maine 04333

Maryland

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan

Department of the Attorney General
Consumer Protection Division, Franchise Unit
525 Ottawa Street
G. Mennen Williams Building, Sixth Floor
Lansing, Michigan 48909

Minnesota

Minnesota Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

Nebraska

Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, Nebraska 68509

New York

Bureau of Investor Protection and Securities
New York State Department of Law
28 Liberty Street, 21st Floor
New York, New York 10005

North Carolina

Secretary of State
Securities Division
Old Revenue Complex
2 South Salisbury Street

Raleigh, North Carolina 27601

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor
Department 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island

Department of Business Regulation
1511 Pontiac Avenue, Building 68-2
Cranston, Rhode Island 02920

South Carolina

Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, South Carolina 29201

South Dakota

Division of Insurance
Securities Regulations
124 South Euclid, Suite 104
Pierre, South Dakota 57501

Texas

Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, Texas 78701

Utah

Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, Utah 84114-6704

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219

Washington

Washington Dept. of Financial Institutions
Securities Division
PO Box 41200

Olympia, WA 98504-1200

Wisconsin

Administrator of the Division of Securities
4822 Madison Yards Way
Madison, Wisconsin 53705

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agents for the service of process under the applicable state laws. We may register in one or more of these states.

California

Commissioner of Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, California 94104

Commissioner of Department of Financial Protection and Innovation
320 West Fourth Street, Suite 700
Los Angeles, California 90013

Commissioner of Department of Financial Protection and Innovation
651 Bannan Street, Suite 300
Sacramento, CA 95811
(866) 275-2677

Connecticut

Connecticut Banking Commissioner
Department of Banking
Securities and Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103
(860) 240-8299

Hawaii

Commissioner of Securities
Department of Commerce and Consumer Affairs Business
Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111

Indianapolis, Indiana 46204

Maryland

Maryland Securities Commissioner
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan

Michigan Department of Commerce
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

Minnesota

Minnesota Commissioner of Commerce
Minnesota Department of Commerce
85 Seventh Place East, Suite 280
St. Paul, Minnesota 55101

New York

New York Secretary of the State
99 Washington Avenue
Albany, New York 12231

North Dakota

North Dakota Securities Department
State Capitol, Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505-0510

Rhode Island

Department of Business Regulation
1511 Pontiac Avenue, Building 68-2
Cranston, Rhode Island 02920

South Dakota

Division of Insurance
Securities Regulations
124 South Euclid, Suite 104
Pierre, South Dakota 57501

Virginia

Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219

Washington

Washington Dept. of Financial Institutions
Securities Division

150 Israel Road SW
Olympia, WA 98501

Wisconsin
Administrator of the Division of Securities
4822 Madison Yards Way
Madison, Wisconsin 53705

REGISTERED AGENT IN TEXAS

Amber Briggie
531 N. Elm Street
Denton, Texas 76201

EXHIBIT B
FRANCHISE AGREEMENT

B-WELL ENTERPRISES, LLC

FRANCHISE AGREEMENT

B-Well Enterprises, LLC,

a Texas Liability Liability Company

531 N. Elm Street

Denton, Texas 76201

940-241-4490

franchise@mysomamassage.com

www.MySomaMassage.com

Soma Massage Therapy®

THIS CONTRACT IS SUBJECT TO ARBITRATION.

TABLE OF CONTENTS

1. DEFINITIONS, GRANT OF FRANCHISE LICENSE..... 1

 1.1 Definitions _____ 1

 1.2 Grant of Franchise _____ 8

 1.3 Scope of Franchise Operations _____ 8

 1.4 Reasonable Business Judgment _____ 9

 1.5 Reservation of Rights _____ 9

 1.6 Other Covenants Relating to the Grant of this License _____ 10

2. OPENING DEADLINE, PROTECTED TERRITORY, DEVELOPMENT, AND RELATED RIGHTS AND OBLIGATIONS..... 11

 2.1 Opening Date and Opening Deadline _____ 11

 2.2 Designated Area and Franchised Location _____ 12

 2.3 Approval of Lease _____ 12

 2.4 Protected Territory _____ 13

 2.5 Permitting, Design, and Buildout _____ 13

 2.6 Computer System, POS Software, Merchant Services, Initial Inventory, and Other Furniture, Fixtures, Equipment, and Inventory _____ 14

 2.7 Approval Process for Other Goods and Services _____ 16

 2.8 Relocation _____ 16

 2.9 Renovations and Maintenance _____ 16

 2.10 Additional Development Rights _____ 17

FEES, MINIMUM SALES, ADVERTISING, AND REPORTING..... 17

 3.1 Initial Fees Due To Us Before You Open _____ 17

 3.2 Royalty and Technology Maintenance Fee _____ 17

 3.3 Minimum Sales Obligations _____ 17

 3.4 Advertising and Advertising Fees _____ 18

 3.5 Other Fees and New Products _____ 20

 3.6 Reporting _____ 21

 3.7 Method of Payment _____ 22

 3.8 Application of Payments _____ 22

 3.9 Record Keeping and Auditing _____ 23

4. TERM and SUCCESSOR FRANCHISE RIGHTS 23

 4.1 Effective Date and Initial Term _____ 23

 4.2 Successor Franchise Rights _____ 24

 4.3 Conditions of Refusal _____ 24

 4.4 Successor Franchise Renovation _____ 24

 4.5 Expiration at the End of the Then-Current Term and Holdover _____ 25

5.	MANUALS and SERVICES PROVIDED TO YOU BY US	25
5.1	Operations Manuals _____	25
5.2	Services Provided by Us Before Commencement of Operations _____	25
5.3	Services Offered by Us During the Operation of Your Soma Massage Therapy Studio _____	26
6.	PROPRIETARY INFORMATION, INTELLECTUAL PROPERTY, AND FRANCHISOR'S OTHER RIGHTS	27
6.1	Proprietary Information _____	27
6.2.	Marks and Copyrights _____	28
6.3	Infringement _____	29
6.4	Business Name, Contact Information and Collateral Assignment _____	29
6.5	Modification, Discontinuation, and Goodwill _____	29
6.6.	No Use of Other Marks and Other Limitations _____	30
6.7	Protection of Marks, System and Proprietary Information _____	30
6.8	Innovations by You _____	30
7.	TRAINING	31
7.1	Initial Training _____	31
7.2	Additional Operating Assistance, Additional Training, Seminars, and Other Education Development Programs _____	32
7.3	Remedial Training _____	32
7.4	Employees _____	33
8.	QUALITY CONTROL	33
8.1	System Compliance _____	33
8.2	Compliance with Applicable Laws _____	34
8.3	Inspections _____	34
8.4	Appearance and Client Service _____	34
8.5	Timely Delivery of all Reports and Fees _____	35
8.6	Compliance with all Terms of this Franchise Agreement _____	35
8.7	Management _____	35
8.8	Hours of Operation _____	35
8.9	Modification and Pricing _____	35
8.10	Disclosure _____	35
8.11	Variances _____	36
8.12	No Product Warranties _____	36
9.	TRANSFERS	36
9.1	Sale or Assignment by Franchisor _____	36
9.2	Transfer by You _____	36
9.3	Conditions to Approval of any Transfer _____	37
9.4	Invalidity of Transfers _____	38

9.5	Death or Incapacity	38
9.6	Right of First Refusal	38
9.7	Transfer After Retaking Possession	39
10.	DEFAULT AND TERMINATION	39
10.1.	Termination by Franchisor - Effective upon Notice	39
10.2.	Termination by US - Ten Days' Notice	42
10.3	Cross Default	42
10.4	Diligent Pursuit of Cure	42
10.5	Our Rights to Damages	43
10.6	Certain Damages	43
10.7	State or Federal Law Prevails	44
10.8	Action Against Franchisor	44
11.	OBLIGATIONS OF FRANCHISEE UPON TRANSFER, TERMINATION, OR EXPIRATION	44
11.1	Obligations	44
11.2	Additional Matters	45
12.	FIRST RIGHT TO PURCHASE	46
13.	RELATIONSHIP BETWEEN THE PARTIES	46
14.	INDEMNIFICATION	47
15.	RESTRICTIVE COVENANTS	47
15.1	In-Term Covenant Not to Compete	47
15.2	Post-Term Covenant Not to Compete	47
15.3	No Disclosure	48
15.4	No Diversion	48
15.5	Reasonable Restriction, Savings Clause and Period of Non-Compliance	48
15.6	Franchisor Is Entitled to Injunctive Relief	49
15.7	Tolling of Time	49
15.8	Application and Survival	49
16.	DISPUTE RESOLUTION	49
16.1	Intent, Meeting, and Mediation	49
16.2	Resolution under Arbitration	51
16.3	Confidentiality	51
16.4	Choice of Law, Venue, and Jurisdiction	51
16.5	Scope, Discovery, Other Procedural Matters, Fees, and Costs	52
16.6	Disputes Not Subject to the Mediation or Arbitration Process	53
16.7	No Class Actions and No Personal Liability	53
16.8	One Year Limitation of Action	53
	Survival of Obligations and Other Parties	54

17. INSURANCE	54
17.1 Insurance is Required; Coverage _____	54
17.2 No Limitations on Coverage and Primacy _____	56
17.3 Franchisor May Procure Insurance Coverage _____	56
17.4 Destruction of Premises _____	56
18. ADDITIONAL PROVISIONS.....	57
18.1 Entire Agreement - Merger _____	57
18.2 Modification, Powers of Attorney, and Approvals _____	57
18.3 Delegation _____	57
18.4 Review of Agreement _____	58
18.5 No Waiver _____	58
18.6. No Right to Set Off or Third-Party Beneficiaries _____	58
18.7 Invalidity _____	58
18.8 Notices _____	58
18.9 Survival of Provisions and Independent Covenants _____	59
18.10 Force Majeure _____	59
18.11 Time is of the Essence and Construction _____	59
18.12 Guaranty _____	59
18.13 Acknowledgement _____	60
18.14 Recitals, State Specific Amendment, Closing Acknowledgement, Signatures, and SBA _____	60

EXHIBITS

Exhibit 1	IFF and Statement of Ownership
Exhibit 2	Designated Area, Franchised Location, and Protected Territory
Exhibit 3	Guaranty
Exhibit 4	Collateral Assignment of Lease Agreement
Exhibit 5	Collateral Assignment of Contact and Electronic Information
Exhibit 6	General Release
Exhibit 7	State Addenda
Exhibit 8	SBA Addendum
Exhibit 9	Closing Acknowledgment

**B-WELL ENTERPRISES, LLC
FRANCHISE AGREEMENT**

This **B-WELL ENTERPRISES, LLC FRANCHISE AGREEMENT (Franchise Agreement)** is made as of the “**Effective Date**” between B-Well Enterprises, LLC, a Texas limited liability company, hereinafter known as “**B-Well Enterprises, LLC**,” “**Franchisor**,” “**we**,” “**us**,” or similar pronouns, and _____ and _____ individually or collectively referred to as “**Franchisee**,” “**you**,” “**your**,” or similar pronouns. You and we may sometimes be referred to in the singular as a “**Party**” or jointly as the “**Parties**.”

RECITALS

You desire to enter into this Franchise Agreement to open and operate a “**Soma Massage Therapy Studio Center**” using the “**Marks**” and the “**System**.” You agree that you have investigated and familiarized yourself with the essential aspects and purposes of this opportunity and have been advised by counsel, or have had the reasonable opportunity to be advised by counsel chosen by you, of the terms and conditions of this Franchise Agreement, and agree that your consistent and uniform operation of your Soma Massage Therapy Studio Center using the System is essential;

NOW, THEREFORE, in consideration of the mutual covenants, agreements, terms, and conditions herein contained and the acts to be performed by the respective Parties hereto, the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND GRANT OF FRANCHISE LICENSE

1.1 Definitions

Unless otherwise defined in the body of the Franchise Agreement, the following capitalized terms have the meaning set forth:

“**ACH**” means “Automated Clearing House” and refers to the mechanism used to collect fees due to us electronically. You will complete an ACH form that your bank or we will deliver to you.

“**Additional Operating Assistance**” means additional assistance you may request from us at any time, as more fully stated in Section 7.

“**Advertising Fees**” collectively means the Local Advertising Fee and the National Brand Fee.

“**Affiliate**” or “**Affiliates**” means an entity that is controlled by, controlling, or under common control with another entity. Our current Affiliates are Soma Massage Therapy, LLC (Soma Affiliate) and B-Well Enterprises, IP, LLC (**IP Affiliate**). We reserve the right to add Affiliates and require you to work with one or more of them.

“**Annual Conference**” means the annual conference we sponsor for the benefit of franchisees.

“**Annual Conference Attendance Fee**” means the then-current fee we charge for your attendance at the Annual Conference. You will be informed of the Annual Conference Attendance Fee (if any) before attending.

“Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations, and other regulations found at 31 CFR 515, 595, 597, and any laws which now pertain, or which may in the future pertain to the matters of Section 1.6.d(v).

“Applicable Law” means the municipal, county, state, and federal rules, regulations, ordinances, statutes, rulings, orders, or the like that apply to the operation of your Soma Massage Therapy Studio Center, subject to the jurisdiction, venue, and choice-of-law rights in Article 16.

“Assignment” has the meaning given in Article 9.

“Branded Products” means those products or goods that display any of our Marks.

“Business Management Programs” refers to the online business management programs that we require you to license from our approved vendors. The programs include client scheduling, marketing, payment processing, client relationship management (CRM) modules, and the like.

“Change of Control” means that (i) a natural person franchisee takes on a partner regardless of whether such partner is in control, (ii) a natural person franchisee converts to a business entity franchisee and then delivers more than 49% of the equity interest of such business entity to another Person, (iii) a business entity franchisee takes on any number of equity partners and delivers more than 49% of the equity interest to such Persons, or (iv) a franchisee (whether a natural person or business entity) in any manner delivers control of the day-to-day operations of your Soma Massage Therapy Studio to a Person who we have not first approved.

“Claims” means any legal or equitable claim, obligation, liability, cause of action, damage, award, judgment, costs (including reasonable attorney’s fees, court costs, and expert witness fees), expenditures of funds by us, or loss suffered by us.

“Client” means each Person who visits your Soma Massage Therapy Studio as a patron.

“Client List” means the list of Clients who patronize your Soma Massage Therapy Studio and whose personal information you have captured through the Computer System, surveys, or other public relations activities.

“Competitive Business” is a massage center that offers the same Services or commercially similar services being offered by the System at the time this Franchise Agreement expires, is terminated, or is Transferred.

“Compliance” means that you (i) are current in all respects under this Franchise Agreement at the time Compliance is called for, and you will be current in all respects under this Franchise Agreement at the time the action for which Compliance is required is to be completed, and (ii) have received no more than two written notices of a breach from us (each of which was timely cured) during the Initial Term and no more than two written notices during any Successor Term.

“Computer System” means the **“Computer Hardware”** and **“Computer Software”** (which includes versions of Microsoft 365 and QuickBooks Online we require, plus the Business Management Programs) necessary to operate the Soma Massage Therapy Studio, as more fully described in Article 2. The Computer Hardware and then-current mix of Computer Software will be disclosed in our then-current Operations Manual, through handouts, or as disclosed through other sources.

“Default Interest” means the then-current interest rate we charge for any payment not made in a timely manner. The current interest rate is 1.5% per month, compounded weekly. We may increase the interest rate upon 60 days’ notice. The interest rate will never be greater than the highest amount permitted in your state, and if the interest rate violates any such law, then it will be automatically reduced to the highest interest rate permitted.

“Designated Area” means a defined area within which to find your Franchised Location. The perimeter of your Protected Territory will be defined by one or more geographic limitations such as streets or mountains, population density, ZIP Codes, political subdivisions such as a city or county, whether the location is in an urban or rural environment, or other boundaries, and will have no specific geometric shape or demographics. For instance, a location in New York City may have a Protected Territory defined by streets and may be a few blocks in size. A location in a rural setting may have a Protected Territory that encompasses the entire town.

“Designated Manager” means any Person besides your Principal Operator and you who has received our training and is authorized by you to operate your Soma Massage Therapy Studio from day to day. A Designated Manager need not be an owner of any interest in your Soma Massage Therapy Studio.

“Due Date” means the date payments to us are due, as more fully described in Article 3.

“Effective Date” means the date we fully execute this Franchise Agreement. There is no agreement, and this Franchise Agreement is not a contract between us until that date, regardless of the order of signatures.

“Event of Default” means any default identified in Sections 10.1, 10.2, or 10.3.

“Fair Market Value” means the value that a reasonable person under no duress or obligation would pay for the furniture, fixture, equipment, or item being sold by a seller under no duress or obligation. If you or we do not agree on a Fair Market Value, it will be established by an independent appraisal. The appraisal will be done at our expense by an independent and disinterested appraiser selected by us. No goodwill will be considered in any such valuation.

“FDD” means the franchise disclosure document that was delivered to you at least 14 calendar days before you signed this Franchise Agreement or paid any money to us.

“Force Majeure” means that except for monetary obligations that are due regardless of the existence of an event of Force Majeure or as otherwise specifically provided in this Franchise Agreement, if either of us is delayed or prevented from performance because of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, epidemic, pandemic, or similar county, statewide, national, or international health emergency, insurrection, war, or other causes beyond the Party’s reasonable control, then performance will be excused for the shorter period of 45 days from the date of the inability to perform or for the period of the delay.

“Franchise Agreement” means this B-Well Enterprises, LLC Franchise Agreement.

“Franchisee” means you and all Franchisee Parties.

“Franchisee Parties” means you, your Principal Operator, any Designated Managers, any Guarantors, your shareholders, directors, officers, managers, members, agents, and their successors, and assigns, your family members that actively participate in your operations as the franchisee and at your Soma

Massage Therapy Studio, and all others who may take an active management role in the operation of your Soma Massage Therapy Studio. Reference to a Franchisee Party also refers to you.

“Franchised Location” or “Studio” means the address of the physical space that holds your Soma Massage Therapy Studio.

“Franchisor” means us and our predecessors, successors, and Affiliates plus their respective shareholders, directors, officers, managers, members, employees, agents, and their successors and assigns, and all others whose conduct is charged to us.

“Grand Opening” is defined in Article 3.

“Governmental Authorities” means those local, county, state, and federal governmental or quasi-governmental bodies that have jurisdiction over the operation of your Soma Massage Therapy Studio.

“Gross Sales” means the total of all revenue and income received from the sale of all Services, Branded and Permitted Products, food, beverages, and other items sold under or through your Soma Massage Therapy Studio, whether or not sold or performed at or from your Soma Massage Therapy Studio and whether received in cash, as services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. “Gross Sales” also include the proceeds from business interruption insurance payments and any other revenue reasonably attributable to the operation of your Soma Massage Therapy Studio. Gross Sales do not include sales or similar taxes you collect that are chargeable to Clients by law, any documented refunds, credits, charged tips, or sales discounts.

“IFF” means the initial fee you pay us when you are awarded a franchise. Your IFF is stated in Exhibit 1.

“Indemnified Parties” means us, our Affiliates, and any Person for whom we are legally responsible.

“Initial Inventory” means the inventory of Branded and Permitted Products that you must purchase in order to open.

“Initial Term” has the meaning given in Article 4.

“Initial Training” or “Initial Training Program” means the initial training given to you before opening for business, as more fully outlined in Article 7.

“Innovation” means any creation, design, or other improvements for any portion of the System, the Marks, the Proprietary Information, or the like.

“Interim Period” has the meaning given in Article 4.

“Internet” refers to a global system of interconnected computer networks that use a common computer protocol to communicate between them. Included in this definition for this Franchise Agreement are the “worldwide web,” social media, and similar methods by which Persons communicate between electronic devices.

“Involuntary Transfer” means any Transfer not approved by us and includes the loss of, transfer of, or assignment of (i) any interest in this Franchise Agreement, any of your interest in your Soma Massage Therapy Studio, (ii) a substantial portion of the assets of your Soma Massage Therapy Studio, or (iii) any

interest in your franchise business entity except as permitted by this Franchise Agreement. An Involuntary Transfer also includes (i) any transfer or assignment of any interest in you, this Franchise Agreement, or your franchisee business entity as a result of any insolvency or bankruptcy proceeding, (ii) the foreclosure of any manner of lien or encumbrance against you, your Soma Massage Therapy Studio, or your franchisee business entity, (iii) the taking of any interest in you, this Franchise Agreement, or your franchisee business entity as a result of a divorce or separation, (iv) or in the case of a business entity, any action by the equity owners or creditors the result of which is the loss of any equitable interest or any other interest. An Involuntary Transfer also occurs through any other means or method over which you have no control or against which you cannot substitute a bond or other monetary instrument to avoid such Involuntary Transfer.

“Late Fee” means our then-current late fee for failure to make timely payments required under this Franchise Agreement. The current fee is \$100 per incident per month. We may increase this fee at any time and in any amount after first giving you no less than 60 days’ prior written notice. In no event will you be required to pay a Late Fee in an amount greater than the maximum amount permitted by Applicable Law.

“Local Advertising Fee” means the then-current fee you must spend on advertising in your Protected Territory using vendors of your choice. We reserve the right to designate an Affiliate or us as the provider of such services upon giving you no less than 60 days’ prior written notice. We may increase the fee by up to 4% of Gross Sales upon 60 days’ prior written notice.

“Marks” means all current and future trademarks, trade names, logos, service marks, and similar commercial symbols that we own or that are licensed to us and that we require you to use in identifying your Soma Massage Therapy Studio, as more fully stated in Article 6. All current and future trademarks, service marks, trade names, trade dress, designs, logos, and other designations, variations, or modifications to any of the preceding, and all registrations, applications, and renewals are included in this definition.

“Minimum Sales Obligations” means the minimum of Gross Sales you must achieve every 12 months, as more fully described in Article 3.

“National Branding” is defined in Article 3.

“National Brand Account” is the account into which the National Brand Fee is deposited.

“National Brand Fee” is the then-current fee we charge to help with National Branding, as more fully outlined in Article 3.

“Online Site” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, for example, the Internet, webpages, microsites, social networking sites (e.g., Meta™, Twitter®, LinkedIn®, YouTube®, Pinterest®, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., iPad® or Android® apps), and other applications, etc., that refers to our Marks, us, or the System.

“Opening Date” is the date that you open for business. The Opening Date will never be later than the Opening Deadline.

“Opening Deadline” means 5:00 p.m. in the time zone in which our headquarters is currently located on the last day of the ninth full month from the Effective Date. If the Effective Date is other than the first day of a month, the Opening Deadline will increase by the number of days remaining in the month in which the Effective Date occurred.

“Opening Help Fee” refers to the then-current fee we may charge for visiting the Franchised Location to ensure it is built to specifications or for assisting with your opening at your Franchised Location.

“Operations Manuals” means the operations manuals, other materials, and written communications delivered to you that disclose the operating methods used in your Soma Massage Therapy Studio.

“Party” means you, us, or any of the Franchisee Parties.

“PCI-DSS” means the security standards adopted by credit card/debit card/e-payment providers to protect the end-user’s personal information.

“Permanent Disability” means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or does prevent the Principal Operator or you from supervising the management and operation of your Soma Massage Therapy Studio for a period of 120 consecutive or cumulative days from the onset of such disability, impairment, or condition.

“Permitted Products” refers to goods and products, such as energy bars, drinks, non-branded apparel, lotions, oils, and the like, that do not carry our Marks but that we require you to use, which must be purchased only through an Affiliate, an approved vendor, or us.

“Person” means a natural person or a business entity of any nature or kind, and the equity holders in any such business entity.

“POS License Fee” means the then-current monthly fee you pay to the POS Software vendor to use the POS Software.

“POS Software” means the cloud-based point-of-sale software suite you must license from our approved vendor.

“Principal Operator” means the Person authorized and designated by you to receive our training, to operate your Soma Massage Therapy Studio, and to act as the contact between us.

“Proposed Transfer” means a Transfer for which you seek our permission to complete under Article 9.

“Proposed Transferee” has the meaning given in Article 9.

“Proprietary Information” has the meaning given in Article 6.

“Protected Territory” is the area within the perimeter of your Protected Territory.

Your Protected Territory will be defined by one or more geographic limitations, such as streets or mountains, population density, ZIP codes, political subdivisions (like a city or county), whether the location is in an urban or rural environment, or other boundaries, and will have no specific geometric shape or demographics. For instance, a location in New York City may have a Protected Territory defined by streets and may be a few blocks in size. A location in a rural setting may have a Protected Territory that encompasses the entire town.

“Reasonable Business Judgment” has the meaning given in Section 1.3.

“Regional Advertising Program” means a local advertising program for a specified geographic area for the benefit of Soma Massage Therapy Studios located within the area.

“Relocation Fee” means the then-current fee we charge to assess your proposed site for relocation. We may increase this fee at any time and in any amount after first giving you no less than 60 days’ prior written notice.

“Remedial Training” means the training we have the option, but not the obligation, to offer you (Article 7) should you miss your Minimum Sales Obligations.

“Renovations” are the changes we may require you to make to the Soma Massage Therapy Studio to meet our then-current configuration and may include changes to the mix of equipment, Branded and Permitted Products, interior and exterior decor, furniture, fixtures, equipment, and changes to conform to the then-current System look and feel.

“Right of First Refusal” has the meaning given in Article 9.

“Royalty” is a weekly fee based on a percentage of your Gross Sales, as more specifically described in Article 3.

“Services” means the mix of massage modalities and similar services offered to the Client in, at, or through the Soma Massage Therapy Studio, as the types of Services offered and the mix of such Services may change from time to time.

“Soma Massage Therapy Studio,” “Franchised Business,” or “Business” means the massage center you will operate under this Franchise Agreement at the Franchised Location.

“Successor Franchise Fee” means 50% of the then-current IFF. If we are not awarding franchises at that time, you will pay 50% of the IFF you paid.

“Successor Franchise Rights” has the meaning given in Article 4.

“Successor Term” has the meaning given in Article 4.

“System” means and includes, without limitation our distinctive trade dress, the mix of Services, Branded and Permitted Products offered to Clients, signage, our confidential operations manual, the furniture, fixtures, and equipment required for your Soma Massage Therapy Studio, the Proprietary Information, the economic and financial characteristics of Soma Massage Therapy Studios, any other copyrighted, registered, trade secret, or confidential information we own, license, or sublicense, uniform guidelines, specifications, and procedures for operations, quality control, and advertising and promotional programs. The System may be supplemented by other language of this Franchise Agreement and otherwise by us from time to time.

“Technology Maintenance Fee” means our then-current fee charged to maintain your landing page and for other technology-based services.

“Technology Startup Fee” means the then-current fee charged for setting up your landing page on our website.

“**Term**” means individually or collectively the Initial Term and the Successor Term. If there is doubt, reference to the Term will include either or both as necessary to provide the greatest protection to us.

“**Third Party Contract**” means any other contract or agreement with a third party (including our POS Software vendor) that is unrelated to us but is material to your Soma Massage Therapy Studio’s operation, including any real property or equipment lease and any supplier or vendor agreement.

“**Therapist**” is a Person who has the proper local, state, and, if applicable, federal credentials to provide messages to Clients. Each Therapist must be your employee.

“**Training**” collectively means the Initial Training Program and any subsequent training we may deliver under Article 7.

“**Transfer**” has the meaning given in Article 9.

“**Transfer Fee**” means 50% of the then-current IFF. If we are not awarding franchises at that time, you will pay 50% of the IFF you paid.

“**URL**” means an Internet uniform resource locator.

1.2 Grant of Franchise

a. We grant you, and you accept from us, the limited and non-exclusive right to use the Marks and System to establish and operate one Soma Massage Therapy Studio at the Franchised Location.

b. You will complete the Statement of Ownership found at Exhibit 1 at the time you sign this Franchise Agreement and agree to update it within 30 days of any change so that it is at all times current, complete, and accurate.

c. Each Person who is or becomes a Principal Operator and each natural person who joins your business entity Franchisee as an equity owner must sign our then-current form of guaranty. The current form of guaranty is found at Exhibit 3.

d. This grant of limited rights is subject to all other terms of this Franchise Agreement.

1.3 Scope of Franchise Operations

a. You will at all times comply with your obligations under this Franchise Agreement and will continuously use your best efforts to promote and operate your Soma Massage Therapy Studio. You will utilize the Marks, the Proprietary Information, every component of the System, and the Operations Manuals to operate all aspects of your Soma Massage Therapy Studio, all of which may change from time to time.

b. We may negotiate volume purchase agreements for purchasing goods and equipment needed to operate your Soma Massage Therapy Studio. The same is disclosed in the Operations Manual.

c. We do not currently receive rebates from suppliers, but we may do so in the future based on the products purchased by our franchisees. We will use the rebates at our sole discretion and may, but are not required to, pass rebates on to our franchisees in any manner we deem appropriate.

d. We do not currently have any regional purchasing or distribution cooperatives in your area, but we may establish one in the future. The purpose of cooperatives is to obtain goods and services at more competitive prices. You will join any cooperative we may require. Goods and services provided by a cooperative will be of the same quality required for all Soma Massage Therapy Studios.

1.4 Reasonable Business Judgment

a. We will use our Reasonable Business Judgment in the exercise of our rights, obligations, and discretion except where otherwise indicated. Use of our Reasonable Business Judgment will mean that our determination on a given matter will prevail even in cases where other alternatives are also reasonable so long as we intend to benefit or are acting in a way that could reasonably benefit any component of the System or the Marks, any one or more of our franchisees, or any other aspect of the System. Such decisions may include matters that may enhance or protect the Marks and the System, increase Client satisfaction, increase the use of the services all franchisees offer, and matters that correspond with franchisee satisfaction. We are not required to consider any franchisee's particular economic or other circumstances when exercising our Reasonable Business Judgment. Decisions made using our Reasonable Business Judgment will not affect all franchisees equally, and some may benefit while others will not.

b. If Applicable Law implies a covenant of good faith and fair dealing in this Franchise Agreement, you and we agree that such covenant will not imply any rights or obligations inconsistent with the fair construction and reading of the terms, covenants, and conditions of this Franchise Agreement.

c. As part of its Reasonable Business Judgment, to respond timely to market conditions and the needs and wishes of Clients, we reserve the right, at our sole and exclusive determination, to vary any standard of the System, the Marks, the Proprietary Information, or the Operations Manuals.

1.5 Reservation of Rights

Our Affiliates and we reserve the rights, among others, to:

a. Own, franchise, or operate businesses that are similar to your Soma Massage Therapy Studio and use the Marks and the System anywhere in the world other than the Protected Territory of your Soma Massage Therapy Studio.

b. Use the Marks and the System to sell any products or services that may be similar to those you sell through any alternate channels of distribution anywhere in the world. These alternate channels include retail locations (such as grocery stores or convenience stores), television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. You cannot use alternate channels of distribution without our express permission, which may be granted or denied for any reason or no reason. We will not compensate you for soliciting or accepting such orders from inside your Protected Territory.

c. Use or license others to use anywhere in the world or through alternate channels of distribution other trademarks, trade names, service marks, and logos that are different from the Marks in the operation of a business that offers goods, services, and related products and services which may be similar to or different from those offered by your Soma Massage Therapy Studio;

d. Purchase, be purchased by, merge, or combine with any other business, including a business that competes directly with your Soma Massage Therapy Studio, wherever located, so long as the trademarks, trade names, logos, or similar marks of such competitive business are different from the Marks.

e. Acquire and convert to our System any businesses offering services and products similar to those offered by your Soma Massage Therapy Studio, including Competitive Businesses (but with trademarks that are different from the Marks) that we operate independently or as part of or in association with any other system or chain anywhere in the world; and,

f. Retain all other rights not specifically granted to you.

1.6 Other Covenants Relating to the Grant of This License

a. **EXCEPT IN A CASE OF INDEMNIFICATION UNDER ARTICLE 14, WE BOTH AGREE TO WAIVE THE RIGHT TO BE AWARDED EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES IN ANY ACTION BROUGHT IN REFERENCE TO THE RELATIONSHIP BETWEEN US, EVEN IF A PARTY IS INFORMED OF THE POSSIBILITY THAT SUCH DAMAGES EXIST OR MAY BE PLED.**

b. **WE BOTH AGREE THAT EXCEPT AS STATED IN ARTICLE 16, EACH OF US IS LIMITED TO BRINGING ANY LEGAL CLAIM AGAINST THE OTHER WITHIN ONE YEAR OF THE DATE THAT THE FACTS WHICH GAVE RISE TO THE CLAIM OCCURRED.**

c. **THIS FRANCHISE AGREEMENT DESCRIBES THE TERMS AND CONDITIONS UPON WHICH WE CURRENTLY OFFER FRANCHISES TO NEW FRANCHISEES. WE MAY OFFER FRANCHISES UNDER DIFFERENT TERMS AND CONDITIONS TO ENHANCE, BUILD, AND PRESERVE THE SYSTEM.**

d. You covenant, represent, and warrant as follows and acknowledge that we are relying upon such covenants, representations, and warranties in making our decision to enter into this Franchise Agreement:

i. You acknowledge that you have received and have read this Franchise Agreement and all Exhibits attached hereto. Specifically, you have been advised to seek out and use professional counsel of your choosing to interpret any terms, covenants, or conditions of this Franchise Agreement. The decision to retain professional counsel is in your sole and exclusive discretion, and we will not provide any legal, financial, or other counsel about this Franchise Agreement.

ii. You have adequate funding to purchase and operate your Soma Massage Therapy Studio and are financially capable of undertaking the risks involved in opening and operating any business.

iii. All statements made by you in writing in connection with your application for this franchise were, to the best of your knowledge, true when made and continue to be true as of the date of this Franchise Agreement.

iv. You are not a party to any litigation or legal proceedings other than those you have disclosed to us.

v. You and your owners agree to comply with and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws. As a result, you certify, represent, and warrant that (A) none of your property or interests is subject to being “blocked” under any of the Anti-Terrorism Laws and that you are not otherwise in violation of any of the Anti-Terrorism Laws; (B) none of the Franchisee Parties are listed in any Anti-Terrorism Laws; (C) you will refrain from hiring (or, if already employed, retain the employment of) any individual who is listed in the Annex to Executive Order 13224; (D) you have no knowledge or information that, if generally known, would result in the Franchisee Parties

or anyone associated with you to be listed in any Anti-Terrorism Laws; (E) you are solely responsible for ascertaining what actions you must take to comply with the Anti-Terrorism Laws and you specifically acknowledge and agree that your indemnification responsibilities stated in this Franchise Agreement pertain to your obligations under this Section 1.6.d(v); and (F) any misrepresentation under this Section 1.6.d(v) or any violation of the Anti-Terrorism Laws by you will constitute grounds for immediate termination of this Franchise Agreement or any other agreement you have entered into with us.

e. You represent that you have conducted an independent investigation of the proposed business and System and recognize that the business venture contemplated by this Franchise Agreement involves business risks. Your success will depend in large part upon your abilities as an independent businessperson.

f. Unless identified in Item 19 of the FDD, we do not furnish or authorize our salespersons to furnish oral or written earnings claims or financial performance information concerning proposed or actual sales, costs, income, and profits of a Soma Massage Therapy Studio. Actual results will vary, and we cannot estimate the results of any particular franchise.

g. You must abide by PCI-DSS requirements.

h. Applicable Laws (including laws relating to licensure and health and safety regulations) affect the operation of your Soma Massage Therapy Studio. You must investigate these carefully before opening and then comply with them from and after the Effective Date. You and not we are responsible for determining the Applicable Laws that apply to the operation of your Business, and you alone must continually comply with the same. Your failure to do so may result in the loss of your ability to operate your Business in the state in which it is located. It also grants us the right to terminate your franchise rights without providing an opportunity to cure.

i. You must run a criminal background check on each proposed employee who will provide any hands-on services to a Client. You must also update such background checks at least annually. Persons with a felony conviction of any nature or kind, a plea of nolo contendere to a felony of any kind, or a similar plea to any crime (whether a petty offense or misdemeanor) involving injury to a person (whether physical or mental), theft, fraud, or similar offenses may not be hired or retained. (Franchise Agreement, Article 1.) We reserve the right to change the requirements of this paragraph at any time.

ARTICLE 2

OPENING DEADLINE, PROTECTED TERRITORY, DEVELOPMENT, AND RELATED RIGHTS AND OBLIGATIONS

2.1 Opening Date and Opening Deadline

a. You must complete Initial Training, have your Soma Massage Therapy Studio built and properly licensed, and open to the public on the earlier of the actual date you open (**Opening Date**), but, in any event, no later than the Opening Deadline.

b. We will extend the Opening Deadline for a limited period if factors beyond your reasonable control prevent you from meeting the date and you request an extension of time from us at least 15 days before the expiration of the Opening Deadline.

c. If you are not open by the Opening Deadline, and we have not extended it, we have the right to take any action permitted by this Franchise Agreement, including reducing the size of your Protected Territory, termination of this Franchise Agreement, or any other remedy we deem appropriate. In such an event, we will retain all fees paid to us. Regardless of such termination, all terms, covenants, and conditions of this Franchise Agreement that survive such termination (including all restrictive covenants) will continue in full force and effect.

2.2 Designated Area and Franchised Location

a. Your Franchised Location is or will be identified in Exhibit 2.

b. If you do not already have a Franchised Location for your Soma Massage Therapy Studio approved by us before you sign this Franchise Agreement (in which case you and we will agree upon the perimeter of your Protected Territory before you sign), you and we will identify a Designated Area within which to find an acceptable Franchised Location.

c. You must locate a site for your Franchised Location and submit the site location information we require within 30 days of the Effective Date of your Franchise Agreement. We will have 30 days to approve or disapprove your proposed site. If we do not approve of your first proposed site, you will have an additional 60 days to find another site and submit it to us for approval. If you fail to meet the deadlines for selecting a site or submit incomplete information, we will deliver a written notice to you, and you will have 15 days to cure the deficiency. If you fail to cure the deficiency or if we fail to reach an agreement regarding a site, we have the right to terminate your rights under the Franchise Agreement and retain all fees. Even if your rights are terminated, all restrictive and other covenants of your Franchise Agreements that must survive termination to remain enforceable will survive.

d. If you request it and we agree, or if we deem it advisable, we will send a representative to the site to review it. If we do, you may have to pay our then-current Opening Help Fee, plus our travel, room, and board.

e. Our assistance in selecting and reviewing a proposed Franchised Location is limited to providing written criteria for a Franchised Location and reviewing the information provided to determine whether the location fulfills the requisite criteria. We have no particular expertise in identifying or approving location sites for Franchised Locations.

OUR APPROVAL OF A FRANCHISED LOCATION DOES NOT IMPLY OR GUARANTEE IN ANY MANNER YOUR SUCCESS OR PROFITABILITY.

2.3 Approval of Lease

a. After we approve your proposed Franchised Location, you will have 30 days to negotiate a lease that must be submitted for review. We will review the lease within 15 days of receiving it.

b. We have the option to require that the lease be collaterally assigned to us by a collateral assignment agreement (Exhibit 4) or that it contain the following terms and conditions:

i. The landlord must agree that the lease and your right, title, and interest under the lease may be collaterally assigned to us or our designee without the landlord's consent; and,

ii. The landlord must provide written notice to us at the same time it gives such notice to you of any default by you under the lease. We must be given an additional 15 days after your period of

cure has run to cure, at our sole option, any such default, and upon the curing of such default, we must be given the right to enter the leased premises and assume your rights under the lease as if you had assigned the lease to us.

c. Once the site has been approved and the lease has been signed, your Franchised Location will be identified in Exhibit 2.

OUR APPROVAL OF ANY LEASE DOES NOT IMPLY OR GUARANTEE IN ANY MANNER YOUR SUCCESS OR PROFITABILITY.

2.4 Protected Territory

a. If you have an approved Franchised Location before you sign this Franchise Agreement, you and we will agree on your Protected Territory before signing. If you do not have a Franchised Location approved at that time, we will designate your Protected Territory at the time we approve the location and lease. Your Protected Territory will be within the perimeter of your Designated Area. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

b. For so long as you comply with your Franchise Agreement, we will not permit another franchisee, company-owned or Affiliate-owned Soma Massage Therapy Studio, to operate within your Protected Territory.

c. We have no current plans to establish other related franchises or company-owned businesses selling similar products or services under a different name or trademark, but we reserve the right to do so.

d. The continuation of your Protected Territory is subject to the Minimum Sales Obligations stated in Article 3 below.

2.5 Permitting, Design, and Buildout

a. Before commencing the construction of your Soma Massage Therapy Studio:

i. We will supply you with generic plans to design and build the interior and exterior structure, including decor, signage, and equipment placement. You will deliver the generic plans to a local architect or engineer who will adapt the drawings to the Franchised Location. You will submit the completed drawings to us for approval. We will approve, disapprove, or comment on the plans within 30 calendar days of the date that they are delivered. If we comment, you will revise the plans to conform to the comments within 15 days of delivery. If we disapprove of the plans, we will provide comments. After that, you will have 30 days to revise the plans so we can approve them. This will continue until you and we have approved the plans.

ii. You must have the approved plans reviewed and accepted by the applicable Governmental Authorities. If they make changes, you will deliver the same to us. You and we will have 15 days to agree on the changes, which will be returned to the appropriate Governmental Authority. This will continue until the Governmental Authority finally approves the plans.

iii. You must obtain all licenses, permits, and certifications required for the lawful construction and operation of your Soma Massage Therapy Studio, including health and safety permits, zoning, access, parking, sign permits, massage therapy certifications and licenses, and similar permits and

licenses. We do not provide assistance with conforming the Franchised Location to local ordinances and building codes or obtaining any required licenses or permits. You will certify to us in writing that all such permits, licenses, and certifications have been obtained before the Opening Deadline.

iv. We reserve the right to terminate this Franchise Agreement if you are unable to obtain all necessary permits for your operations. However, all covenants of the Franchise Agreement that must survive termination to remain enforceable will survive and remain enforceable. No refund will be granted.

v. You will use a qualified, properly licensed, and insured general contractor or construction supervisor to oversee your Soma Massage Therapy Studio's construction and completion of all improvements.

vi. You will cause such construction to be performed only per the site plan and other plans and specifications approved by the Governmental Authorities and us, and no changes will be made to the approved plans and specifications (including materials used) without our express written consent. We do not provide assistance in constructing, remodeling, or decorating the Franchised Location.

b. If you request it and we agree, or if we deem it advisable, we will send a representative to the site to ensure that construction is completed to our specifications, and if we do, you may have to pay our then-current Opening Help Fee, plus our travel, room, and board.

2.6 Computer System, POS Software, Merchant Services, Initial Inventory, and Other Furniture, Fixtures, Equipment, and Inventory

a. You must own or purchase a Computer System using our then-current Computer Hardware configuration that meets our specifications as set out in the Operations Manuals, a handout, or by delivering such information to you by any other means.

i. You must maintain licenses for Microsoft Office 365 Business Standard, QuickBooks Online Plus, and our then-current mix of Business Management Programs (**Computer Software**). The program manufacturers reserve the right to change their fee structure at any time. We have no control over this process. You are required to maintain all such licenses throughout the Terms of this Franchise Agreement, and you may incur additional expenses as a result.

ii. We may require you to update any component of the Computer Hardware every five years during any Term of this Franchise Agreement, each Successor Term, and upon a Transfer, or if new programs or hardware are added in order to update the operation of the Business. We also reserve the right to change the mix of Computer Software and suppliers of any component of the Computer Software at any time. This may result in additional costs to you.

iii. You are not now required to purchase a Computer System maintenance contract, though we reserve the right to require this in the future, and there will be a cost associated with such contracts. Even without a maintenance contract, you must maintain the Computer System as often as necessary to keep it operational.

iv. You must install and maintain virus protection software from any manufacturer.

v. You must maintain high-speed Internet access to the Computer System and use your best efforts to keep all equipment connected, powered on, and in good working order to ensure the

continued operation of the Soma Massage Therapy Studio and our access to the information and data regarding your Soma Massage Therapy Studio.

b. You must license the POS Software we designate from our approved supplier.

i. It is expected that your Computer System will function as your POS hardware using our approved vendor's POS software. You have the option, but are not obligated to purchase certain hardware, such as a dedicated credit card reader or cash drawer, through our POS Software vendor. This decision is yours, although we reserve the right to require you to purchase or lease such items from the POS Software vendor in the future.

ii. The POS Software vendor will provide merchant services to you at their then-current cost-per-transaction and cost-per-swipe fees. They may change this fee structure at any time and by any amount, and you will be required to pay the same.

iii. The vendor automatically updates the POS Software, currently at no cost. We have no control over this, and they may charge a fee in the future.

iv. We may also require you to update or change the POS System Software or providers every two years during any term of the Franchise Agreement, each time you are awarded renewal rights, and upon a transfer, or if new programs or hardware are added in order to update the operation of the Business.

v. You have the option but are not obligated to purchase certain hardware, such as a dedicated credit card reader or cash drawer, through our POS Software vendor. This decision is up to you, though we reserve the right in the future to require you to purchase or lease such items from the POS Software vendor.

c. We will have independent access at any time we deem appropriate to all business-related information generated and stored with the POS Software vendor and such information on the Computer System. At our discretion, we will make available certain aggregate data (without identifying the name of any franchisee or its location) to help you better manage your Soma Massage Therapy Studio. There are no contractual limitations on our right to access this information.

d. You must purchase all furniture, fixtures, equipment, and Branded and Permitted Products only from our approved vendors, an Affiliate, or us. We will supply the list of vendors in handouts delivered to you when you sign the Franchise Agreement, in the Manuals, by electronic delivery, or by other means.

i. Our vendors may change the prices for the various items they deliver at any time and in any amount. We have no control over this.

ii. We reserve the right to change the identity of a vendor at any time and for any reason, and you may incur additional expenses as a result.

e. We may require all franchisees to add new Services, programs, Branded Products, Permitted Products, or other goods or services to those already used or sold through your Soma Massage Therapy Studio. You may incur additional expenses, costs, and fees, some of which may be due to an Affiliate, a third party for whom we collect funds, or us.

f. We may also use our Reasonable Business Judgment to assess other fees or costs we deem appropriate to help with the Soma Massage Therapy Studio's operations. Such fees or costs may be

assessed locally, regionally, or nationally and may apply to one, some, or all franchisees. We will notify you in writing and give you no less than 60 days to comply. Such fees may be payable to an Affiliate or us. We have no formula to determine if or when this will occur, and cannot identify any changes at this time. As a result, we cannot quote the cost of any possible change to you.

g. You and we also acknowledge that changes to technology are dynamic and not predictable during the Term. To provide for such changes, we have the right to establish, in writing, reasonable standards for implementing new technology, which may result in your incurring additional expenses. We will give you no less than 60 days' prior written notice before implementing the same.

h. You must have a business telephone system with rollover that supports three phones for incoming/outgoing calls.

i. In addition to the above, you will need additional furniture, fixtures, equipment, and interior decor items that we require. You will purchase these from our approved vendor.

j. You must purchase your Initial Inventory from our approved vendors. You must also purchase your replacement inventory for the Branded and Permitted Products from our approved vendors. We have the right to change vendors at any time (including changing them to an Affiliate or us) after giving you no less than 60 days' prior written notice. You will pay for the shipping, handling, and insurance of the same as charged by the approved vendor.

2.7 Approval Process for Other Goods and Services

a. You may wish to purchase a required good or service from a supplier that we have not previously approved. We do not maintain written criteria for approving suppliers. To obtain our approval, you must submit such information as we may reasonably need to evaluate the prospective supplier. We will evaluate the submitted information and provide written notice of our decision within 30 days. We may grant or deny approval for any reason or no reason. We have no other process for approving suppliers other than as stated here. We may charge our then-current fee for this service, which fee may be increased at any time without limitation. We will provide you with 60 days' written notice before implementing or increasing this fee.

b. We may revoke our approval of a supplier if we determine in good faith that the supplier no longer meets our then-current quality standards. We will notify you of any such revocation.

2.8 Relocation

You may relocate your Soma Massage Therapy Studio within your Protected Territory only after getting our express written permission, which permission will be considered using our Reasonable Business Judgment. We will approve the new location in the same manner we are then approving sites. We may require you to pay our then-current Relocation Fee. If we are not offering franchises at the time you seek to relocate, we will approve the new location using the criteria we used during the term of this Franchise Agreement and will charge the Relocation Fee identified in this Franchise Agreement. There will be no refund if you cannot find and have approved a new location.

2.9 Renovations and Maintenance

a. You may be required to Renovate your Soma Massage Therapy Studio once every five years during a Term (including when you are granted renewal rights) and at the time of a Transfer to meet our then-current configuration.

b. The requirement to add new or different equipment from time to time or the introduction of different Services or other goods and services sold through your Soma Massage Therapy Studio are not Renovations. This may occur at any time, for which you may be required to spend funds on a one-time or ongoing basis.

c. General maintenance of your Soma Massage Therapy Studio, including repainting, replacing worn furniture, fixtures, and equipment, cleaning, and the like, is not a Renovation. Such maintenance will occur as often as necessary to maintain a clean and attractive Soma Massage Therapy Studio.

2.10 Additional Development Rights

You receive no additional development rights.

ARTICLE 3

FEES, MINIMUM SALES, ADVERTISING, AND REPORTING

3.1 Initial Fees Due to Us Before You Open

a. Your IFF is identified in Exhibit 1. This is due upon execution of this Franchise Agreement.

b. Before opening, you will also pay the Technology Startup Fee and the first three months of the Technology Maintenance Fee

c. You must pass Initial Training to our satisfaction. If you fail to do so, we have the option to terminate your franchise rights (though all covenants of the Franchise Agreement that must survive termination to remain enforceable will survive), and we will refund 50% of your IFF.

d. Except as stated above, all fees are payable in one lump sum, uniform, and, unless otherwise stated, nonrefundable.

3.2 Royalty and Technology Maintenance Fee

a. Your Royalty is 6% of your Gross Sales, payable weekly and collected in the manner stated below.

b. You will pay the then-current Technology Maintenance Fee with your Royalties. We may change this fee in any amount and at any time after giving you no less than 60 days' prior written notice.

3.3 Minimum Sales Obligations

a. The maintenance of your Protected Territory and your continued right to operate the Franchised Business is contingent on you achieving and then maintaining the level of Gross Sales identified below (**Minimum Sales Obligations**):

i. For the 12 months beginning on the first anniversary of your Opening Date, your minimum yearly Gross Sales must be \$150,000.

ii. For the 12 months beginning on the second anniversary of your Opening Date, your minimum yearly Gross Sales must be \$200,000.

iii. For the 12 months beginning on the third anniversary of your Opening Date and for every 12 months after that during the Initial Term, your minimum yearly Gross Sales must be \$250,000.

iv. If your Opening Date was other than the first day of a month, the first anniversary of your Opening Date will occur on the first day of the first month following the month in which your Opening Date occurred. For the avoidance of doubt, each year referred to here means 12 consecutive full months. The 12 months may not be a calendar year. At the end of such 12 months, the next level of minimum Gross Sales will apply.

b. If you fail to reach the minimum Gross Sales for any 12 months, we will provide you with written notice within 60 days following the end of such period. After that, you will have six full calendar months to increase the minimum Gross Sales such that the minimum Gross Sales annualized for the 12 months will equal or exceed the minimum Gross Sales required. If you are unable to meet this requirement in such six months, we have the option, at our sole discretion, to,

- i. require you to take Remedial Training;
- ii. reduce the size of your Protected Territory;
- iii. terminate your franchise rights without any additional right to cure; or

iv. avail ourselves of any combination of the above or other remedies available under this Franchise Agreement, it being understood that all of our remedies are cumulative, and the option to avail ourselves of one remedy will not prevent the pursuit of any other remedy.

c. You agree that you will not withhold payments of Royalties, advertising fees, or any other amounts of money owed to us for any reason, including a claim by you of our alleged nonperformance of any obligation hereunder.

3.4 Advertising and Advertising Fees

a. Grand Opening

You must spend at least \$3,000 to promote the Grand Opening of your Soma Massage Therapy Studio. The Grand Opening will occur on a mutually acceptable date, but no later than three months after your Opening Deadline.

We must approve your Grand Opening plans in the same manner we approve of your local advertising. In our sole discretion, we may send a representative to you the day before you open and for the following two days to help with your Grand Opening and initial operations. We may charge our then-current Opening Help Fee.

b. Local Advertising

i. You must spend 2% of the Gross Sales (**Local Advertising Fee**) each month on advertising (**Local Advertising**) using vendors of your choice. Local Advertising may be placed in any media you choose.

ii. You must deliver copies of the proposed advertising to us before it is placed in any medium. Once delivered, we have 15 days to review it. The proposed Local Advertising materials will be deemed acceptable if we do not deliver a written rejection notice within 15 days after delivery. You may be required to display our brochures or other materials that advertise the availability of franchise opportunities.

iii. You must advertise only within your Protected Territory unless we permit you to advertise elsewhere.

iv. We reserve the right to increase the Local Advertising Fee to no more than 4% after first giving you no less than 60 days' prior written notice. We also reserve the right to designate an Affiliate or us as the provider of such services upon giving you no less than 60 days' prior written notice.

c. **Online Sites**

i. Online Sites are considered both national and local marketing channels. You may not establish an Online Site nor offer, promote, or sell any products or services or make any use of the Marks through an Online Site without our prior written approval, which we may grant or deny for any reason or no reason.

ii. As a condition to granting consent, we have the right to establish any requirement we deem appropriate. In addition, we may require that your only presence on the Internet will be through one or more web pages we establish on our website.

iii. If you decide to design and operate an Online Site, you must provide us with the information we may require, including programming code, content, and other documentation, at least 60 calendar days before the Online Site goes live. We will then have 30 days within which to approve the proposed information. If we do not deliver written notice to you within that time, your Online Site is deemed approved.

iv. You may not use a derivative of www.SomaDenton.com or www.MySomaMassage.com URLs or acquire any URL that may be construed as a representation of the Marks or System without our approval, which will be granted or denied for any reason or no reason.

d. **National Brand Account**

i. You will pay us a weekly fee of 2% of Gross Sales (**National Brand Fee**) to develop national brand awareness and collateral materials (**National Branding**). This is in addition to the Royalty.

ii. The National Brand Fee will be placed into the National Brand Account (which may or may not bear interest) or another account we deem appropriate. The National Brand Account is not a trust, and we assume no fiduciary duty in administering it. Any unused funds from one year will be carried over to the next.

iii. We will administer the National Brand Account at our sole discretion. National Brand Fees may be used, without limitation, for the creation, production, and placement of advertising in local, regional, or national media and may pay for in-house or outside agency costs and commissions. It may also be used to offset our costs associated with the preparation of and presentation of an annual convention, the creation of Internet advertising, video, audio, and written advertisements, and for the payment to us of costs related to administering the National Brand Account, including, without limitation,

reasonable salaries, administrative costs, costs allocated to any conferences, travel expenses, and overhead, and for any other commercially reasonable purpose consistent with this paragraph.

iv. We make no guarantee to any franchisee that advertising expenditures from the National Brand Account will benefit such franchisee directly or on a *pro-rata* basis. We assume no direct or indirect liability or obligation to you concerning the collection of National Brand Fees or, except as stated above, the maintenance, direction, or administration of the National Brand Account.

v. Upon your prior written request, we will make an annual unaudited financial statement for the National Brand Account available no later than 120 days after the end of each calendar year.

vi. We may increase the National Brand Fee by any amount at any time upon 60 days' written notice.

e. Regional Advertising and Advertising Cooperatives

Upon 30 days' prior written notice to you, we may allocate all or a portion of the National Brand Fees or your Local Advertising Fee obligations to a regional advertising program (**Regional Advertising Program**) for the benefit of Soma Massage Therapy Studios located within a designated geographic territory. We will define the territories, require all franchisees and company-owned Soma Massage Therapy Studios within such territories to contribute equally, and only use those contributions for advertising purposes. We will control and administer Regional Advertising Programs. There will be no written governing documents. Upon your prior written request, we will make unaudited annual financial statements available to you within 90 days of the date you request the same.

f. Gift Cards and Similar Programs

We do not now, but we may require all franchisees and you to participate in gift cards, coupons, loyalty, or customer incentive programs in the future. If we do this, we will give you no less than 60 days' prior written notice. The POS Systems will have modules installed to help implement these programs.

g. Additional Matters

i. We intend for the National Brand Account and any Regional Advertising Programs to be continual and perpetual, but we have the right at any time to change, dissolve, merge, suspend, or reinstate the National Brand Account or any Regional Advertising Programs. We will not close the National Brand Account or a Regional Advertising Program until all contributions and earnings have been used for the purpose for which they were collected or refunded.

ii. We do not now have an advertising council. We reserve the right to create one in the future.

3.5 Other Fees and New Products

a. You will pay us any additional training fees identified in this Franchise Agreement.

b. You will pay any audit expenses, the then-current Late Fee and Default Interest, and other costs incurred by us, if required by this Franchise Agreement.

c. If applicable, you will pay the Successor Franchise Fee and Transfer Fee.

d. You will pay all costs associated with Renovations and maintenance items that may require you to purchase goods, services, or inventory from our approved vendor, an Affiliate, or us.

e. If applicable, you will pay the Relocation Fee.

f. You will indemnify us as more fully outlined in Article 14.

g. If assessed by your state, and except for our income taxes, you will reimburse us for all taxes we pay for products or services we furnish you, on our collection of the initial franchise fee, on the collection of royalties and advertising contributions, and the collection of similar fees or costs.

h. If applicable, you will pay our then-current Opening Help Fee or Additional Operating Assistance Fee. We may increase these fees by any amount and at any time after giving you no less than 60 days' prior written notice.

i. There are other fees identified in this Franchise Agreement, the payment of which may be mandatory. Such fees will be collected as stated in the applicable Section.

j.

i. We may require all franchisees to add new Services, programs, Branded Products, Permitted Products, or other goods or services to those already used or sold through your Soma Massage Therapy Studio and may impose other fees not specifically titled or for which no current fee is now charged to meet market demands and to support new technologies. Some of these may be due to an Affiliate, a third party for whom we collect funds, or us.

ii. We may also use our Reasonable Business Judgment to assess other fees or costs not yet identified but that we deem appropriate to help with the Soma Massage Therapy Studio's operations or to meet market demands or new technologies.

iii. Such fees or costs may be assessed locally, regionally, or nationally and may apply to one, some, or all franchisees.

iv. We will notify you in writing and give you no less than 60 days to comply.

l. You and we also acknowledge that changes to technology are dynamic and not predictable during the Term. To provide for such changes, we have the right to establish, in writing, reasonable standards for implementing new technology, which may result in your incurring additional expenses. We will give you no less than 60 days' prior written notice before implementing the same.

3.6 Reporting

a. You must record all Gross Sales generated by, at, or through your Soma Massage Therapy Studio on the Computer System.

b. You will report all of your Gross Sales, your calculations of Royalties, advertising fees, and other fees due to us, and will deliver other data we require (on forms we may provide or via email or other electronic formats) no later than 1:00 p.m. Central Time on the Tuesday following the week for which the calculations were made. We will collect your Royalty, advertising fees, and any other fees or costs due to an Affiliate or us via ACH on or after 2:30 pm Central Time on that day.

c. In addition to weekly Gross Sales reports, you will also deliver to us (i) profit and loss statements, balance sheets, and trial balances prepared under generally accepted accounting principles, consistently applied, to be received by us within 15 days after the expiration of each calendar quarter; (ii) a complete financial statement for your fiscal year including both an income statement and balance sheet, which may be unaudited; (iii) copies of all tax returns relating to sales at your Soma Massage Therapy Studio to be received by us within ten days of the end of the state sales tax reporting period; (iv) copies of your year-end state and federal income tax return within five days of the date they are filed; and (v) such additional records, reports, information, and data as we may reasonably designate, in the forms, at the times and the places we designate as specified in the Operations Manuals or otherwise. We have the right to change the required information after 60 days' notice.

d. The reports may be unaudited, but all reports must be signed and verified as true and accurate by your principal financial or executive officer or you.

e. You grant us permission to release your financial documents to a landlord, lender, or prospective landlord or lender and to disclose this information in our franchise disclosure documents or as may otherwise be required by Applicable Law.

3.7 Method of Payment

a. No later than ten days before the opening of your Soma Massage Therapy Studio, you will execute an authorization agreement allowing for the electronic transfer of funds through an ACH from your bank account to ours. ACH will be used to collect the Royalties, Advertising Fees, and any other fees due under this Franchise Agreement. We have the right to change the collection method at any time after giving you reasonable written notice. You will use the form required by your bank, our bank, or as otherwise designated by us.

b. If you fail to have sufficient funds in the account on the Due Date or otherwise fail to pay any Royalties or other fees due under this Franchise Agreement, you will owe the Late Fee, Default Interest, and any other costs incurred by us to collect the same.

c. You acknowledge that nothing in this Section constitutes our agreement to accept any payments after they are due or a commitment to extend credit to or otherwise finance your Soma Massage Therapy Studio's operation. Collecting a Late Fee and Default Interest and accepting any late payment will not diminish our rights to any other remedies available under this Franchise Agreement, as all remedies are cumulative.

3.8 Application of Payments

a. Notwithstanding any designation by you as to the application of a payment, we will allocate any payments made by you first to any Late Fees and Default Interest, then to any Royalties and other past-due fees, then to any obligations that you have to any third-party vendors that we pay on your behalf, then to the current Royalties and other fees owed to us. The above allocation will not postpone any payments due on current or future Due Dates.

b. We will also have the right, at our sole discretion, to allocate in the same manner as stated above any payments or credits from third-party vendors delivered to us. To the extent necessary to carry out the intent of this Section, you appoint us as your attorney-in-fact coupled with an interest and grant this power of attorney for the sole purpose of allocating any such funds received. This power of attorney will

continue throughout the Term and, if applicable, after the termination of this Franchise Agreement, but in the latter case, only to the extent that you have existing obligations to us.

3.9 Record Keeping and Auditing

a. You agree to record all sales at the time of the sale in the Computer System or other sales recordation system approved by us. You agree to retain all computer records, charge account records, sales slips, orders, return vouchers, sales tax reports, and all of your other business records and related background material for at least seven years following the end of the year in which the items were or should have been generated.

b. Our designated agents or we have the right, during normal business hours, to enter your Soma Massage Therapy Studio and examine and copy your books, records, and tax returns of you and your Soma Massage Therapy Studio. We also have the right, at any time, to have an independent audit made of the books of your Soma Massage Therapy Studio.

i. If an inspection reveals that any payments due to us have been understated in any amount, you will immediately pay us the understated amount, the then-current Late Fee, and Default Interest (which accrues weekly) on such amount and any other fees we may have incurred from the date such amount was due until paid.

ii. If an inspection discloses an understatement in any payment to us of 2% or more, in addition to collecting the amount due and the Late Fee and Default Interest, you will also reimburse us for all costs and expenses relating to the inspection and audit (including travel, lodging, and wage expenses, and reasonable accounting and legal costs), and, at our discretion, submit audited financial statements prepared, at your expense, by an independent auditor that we approve.

iii. If an inspection discloses an understatement in any payment to us of 4% or more, in addition to the right to collect the amounts, fees, and penalties stated above, such act or omission is grounds for immediate termination of this Franchise Agreement without the right to cure.

iv. If it is determined that any underreporting has been intentional, then regardless of the percentage of your Gross Sales that such underreporting represents, we have the right to terminate this Franchise Agreement without any right to cure.

v. All of the remedies stated in this Article are in addition to any other remedies we have under this Franchise Agreement and as provided at law and in equity, as all such remedies are cumulative.

ARTICLE 4

TERM AND SUCCESSOR FRANCHISE RIGHTS

4.1 Effective Date and Initial Term

a. This Franchise Agreement is effective on the Effective Date.

b. The Initial Term of this Franchise Agreement is 60 full months from the Effective Date. If the Effective Date is other than the first day of a month, the Initial Term will increase by the number of days remaining in that month.

4.2 Successor Franchise Rights

a. At the end of the Initial Term, you have the option to extend your franchise rights for up to three additional Successor Terms of 60 months each by acquiring Successor Franchise Rights for each. To be eligible, you must:

i. Notify us by giving written notice of your intent no later than 180 days before the scheduled expiration of this Franchise Agreement or the then-current Successor Term.

ii. Be in Compliance.

iii. Agree to sign the then-current franchise agreement within 30 calendar days of the date you receive it, understanding that the terms of such an agreement may differ significantly from those found here.

iv. Sign our then-current form of general release, which current form is found at Exhibit 6. Notwithstanding the preceding, to the extent that the law of the state in which your Soma Massage Therapy Studio is located has determined that the requirement that a franchisee signs a general release is unenforceable, then any such requirement will be deleted, and you will not be required to sign the same; or if signed then, such general release will not enforceable. If, however, the law of the state in which your Soma Massage Therapy Studio is located permits you to sign such general release, or if by choosing the alternative dispute resolution procedures found in Article 16, the choice of law or other provisions prevail over the state law inconsistent with the alternative dispute resolution procedures, then you will sign such the then-current form of general release as part of the transfer process found herein.

v. Be accepted by us under Section 4.3.

vi. Pay the Successor Franchise Fee.

b. If Successor Franchise Rights under the new franchise agreement are granted, the Successor Term will begin on the day following the end of the Initial Term.

4.3 Conditions of Refusal

a. We are not obligated to offer you Successor Franchise Rights if you:

i. Are out of Compliance.

ii. Failed to comply with any of the conditions necessary to obtain Successor Franchise Rights as described in Section 4.2.

iii. Subject to state law, we have determined, using our Reasonable Business Judgment, not to grant Successor Franchise Rights.

b. Upon the occurrence of any of the events described above, we will give you written notice at least 60 days before the expiration of the then-current Term, and such notice will set forth the reasons for such refusal to offer Successor Franchise Rights.

4.4 Successor Franchise Renovation

To maintain a clean appearance and meet the then-current decor requirements, we may require you to renovate your Soma Massage Therapy Studio each time you are granted Successor Franchise Rights. You will have a reasonable amount of time to complete such Renovations that, in any event, will not exceed 90 days.

4.5 Expiration at the End of the Then-Current Term and Holdover

a. Unless it is terminated earlier, if you fail to elect to purchase Successor Franchise Rights, or if we decline to grant you Successor Franchise Rights, this Franchise Agreement will expire at midnight Central Time on the last day of the then-current Term.

b. If you elect to purchase Successor Franchise Rights, and we grant you this right, then unless earlier terminated, that franchise agreement will expire at midnight Central Time on the last day of the Successor Term.

c. If at the expiration of this Franchise Agreement you continue to accept benefits as a franchisee, then at our sole option, we may treat this Franchise Agreement either as:

i. Having expired as of the date of natural expiration of the then-current Term, in which case you will be operating your Soma Massage Therapy Studio without the right or permission and in violation of our rights; or

ii. Continuing on a month-to-month basis as an Interim Period until one Party provides the other with written notice of such Party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice. During the Interim Period, all obligations under this Franchise Agreement will remain in full force as if this Franchise Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Franchise Agreement will take effect upon termination of the Interim Period. The rights under this Section do not apply in the event of a termination of the Franchise Agreement earlier than the then-current Term's natural end.

ARTICLE 5

OPERATIONS MANUALS AND SERVICES PROVIDED TO YOU BY US

5.1 Operations Manuals

a. We will provide you with one or more Operations Manuals, technical bulletins, or other written materials covering our standards, specifications, and operating and marketing procedures that you must utilize to operate your Soma Massage Therapy Studio.

b. You will comply with the Operations Manuals as an essential aspect of your obligations under this Agreement, and your failure to comply substantially with the Operations Manuals will be considered by us to be a breach of this Agreement. The Operations Manuals may be updated from time to time, and you must comply with any changes in every update within the period provided in such updates.

c. You will only use the Marks and System as specified in the Operations Manuals. The Operations Manuals are our sole property and will be used by you only during the Term of this Franchise Agreement and in strict accordance with the terms and conditions of this Franchise Agreement.

5.2 Services Provided by Us Before Commencement of Operations

- a. Before you open your Soma Massage Therapy Studio, we will:
 - i. Assist you in selecting the Franchised Location.
 - ii. Review your lease.
 - iii. Designate your Protected Territory.
 - iv. Furnish mandatory design specifications and layout criteria for the Franchised Location.
 - v. Supply a list of approved vendors from whom you must purchase your Initial Inventory of Branded Products, Permitted Products, and all furniture, fixtures, and equipment.
 - vi. Offer training as more specifically outlined in Article 7.
 - vii. Review and approve your Grand Opening activities.
 - viii. You may request that we visit your site to help with your opening. If we agree to do this, you and we will agree on the time we will spend together. We may charge our then-current Opening Help Fee, plus our travel, room, and board if we agree to provide this service.

5.3 Services Offered by Us During the Operation of Your Soma Massage Therapy Studio

- a. During the operation of your Soma Massage Therapy Studio, we may:
 - i. Modify, update, or change the System, including, without limitation, (A) adopting or using new or modified lists of authorized and approved suppliers, trade names, trademarks, service marks, or copyrighted materials, (B) authorizing new products, services, and the like, and (C) providing a new or evolved training programs and other services, Branded Products, Permitted Products, new operational techniques, technology, or new fees.
 - ii. Collect and administer advertising using the National Brand Fees.
 - iii. Provide feedback from our access to your Computer System.
 - iv. Periodically advise or offer guidance concerning your Soma Massage Therapy Studio’s operations in addition to the help and guidance you request.
 - v. Conduct quality control visits (both announced and unannounced) and use a “secret shopper” program.
 - vi. Continue to supply replacements for items purchased from us and supply additional Branded Products, Permitted Products, and other goods and services through our approved vendors.
 - vii. Continue to offer training for all Designated Managers and Principal Operators.
 - viii. When we deem it appropriate, conduct an annual conference to discuss new ideas and other matters.

- b. We reserve the right to designate an Affiliate or us as the vendor for Branded or Permitted Products or as the vendor for any other service, good, or item you may be required to use in the Business's operations.
- c. **Except as stated in this Article 5, we are not required to offer you any other services.**

ARTICLE 6

PROPRIETARY INFORMATION, INTELLECTUAL PROPERTY, AND OUR OTHER RIGHTS

6.1 Proprietary Information

- a. You acknowledge that you will receive knowledge of our proprietary matters, techniques, and business procedures necessary for the operation of your Soma Massage Therapy Studio, without which information you could not effectively and efficiently operate. You further acknowledge that the same is unique and novel to the System.
- b. **“Proprietary Information”** includes (i) Persons that are, have been, or will become franchisees or investors; (ii) Persons that are Clients of your Soma Massage Therapy Studio and Client Lists; (iii) the terms of and negotiations relating to past or current franchise agreements; (iv) the operating procedures used in your Soma Massage Therapy Studio; (v) the economic and financial characteristics of the System; (vi) the Operations Manuals, any common law or statutory copyrights for our materials including the Operations Manuals and any component of the Proprietary Information; (vii) the mix of Services and Branded Products offered to Clients; (viii) the types of and mix of the Branded and Permitted Products; (ix) our right to use the Marks; and, (x) every other component of the System.
- c. In consideration of the time and effort we have spent to create the System, in consideration of the goodwill that has been generated as a result of such efforts, and for other good and valuable consideration, you agree that we retain ownership and control of all components of the Proprietary Information including all Client Lists, which will be delivered to us upon the expiration or earlier termination of this Franchise Agreement.
- d. Nothing in this Franchise Agreement requires us to divulge any portion of the Proprietary Information except for the purpose of helping you operate your Soma Massage Therapy Studio.
- e. You may disclose Proprietary Information only to those employees, agents, and representatives who must have access to operate your Soma Massage Therapy Studio.
- f. You have the right to use the Proprietary Information only in the Protected Territory and only for so long as you will fully perform and comply with all of the conditions, terms, and covenants of this Franchise Agreement and the policies and procedures that we prescribe from time to time.
- g. You acknowledge that we have the sole right to license and control your use of every component of the Proprietary Information. You also acknowledge that you have not acquired any right, title, or interest in or to any Proprietary Information component and will not acquire any such interest in the future. You are granted the limited, non-exclusive license to use the same for your Soma Massage Therapy Studio's operation.
- h. You will not copy any component of the Proprietary Information unless we authorize it in writing, for which authorization may be granted or denied for any reason or no reason.

i. You will not, during any Term of this Franchise Agreement, at any time after a Transfer, or after the expiration or earlier termination of this Franchise Agreement, reveal any component of the Proprietary Information to any Person not otherwise authorized by this Franchise Agreement to see such information.

j. We reserve the right to require each Franchisee Party to sign a nondisclosure and non-competition agreement.

6.2 Marks and Copyrights

a. Our IP Affiliate has registered the word mark below with the United States Patent and Trademark Office (USPTO):

Registration Number	Description of Mark	Register	Date
7735928	SOMA MASSAGE THERAPY	Principal	April 10, 2024

b. Our IP Affiliate also claims common law rights to the above Mark, which is registered with the Texas Secretary of State:

c. We have a license agreement with our IP Affiliate that lasts for 15 years and is automatically renewable for five additional 15-year terms. The license grants us the right to sublicense the Marks to you through the Franchise Agreement. If the license expires or is terminated earlier, our IP Affiliate has agreed that it would license the Marks directly to you.

d. We grant you the limited nonexclusive right to use the Marks in connection with the operation of your Soma Massage Therapy Studio. You must use the Marks only to operate your Soma Massage Therapy Studio as authorized by us.

e. Except as permitted by this Franchise Agreement, you will not use any of the Marks as part of an electronic mail address or in or on Online Sites, and you will not use or register any of the Marks as part of an Internet domain name.

f. You will not, without our express written permission, use our name, the Marks, copyrighted information, or other Proprietary Information on any checks, employee records, employee applications, employee handbooks, or other items delivered to employees or third parties.

g. Any use of a Mark in advertising must be with our prior written approval as outlined in this Franchise Agreement and the Operations Manuals.

h. You will not (i) directly or indirectly contest nor aid in contesting the validity of the ownership of the Marks, (ii) in any manner interfere with or attempt to prohibit our use or right to license and sublicense the Marks, any component of the System or derivatives thereof, or any of the Proprietary Information or any other name that is or becomes a part of our System, or (iii) at any time interfere with the use of the Marks by our IP Affiliate, our other franchisees or licensees.

i. You further agree to execute all additional documents and assurances reasonably requested by us in connection with our ownership and use of the Marks and to fully cooperate with us or any of our

other franchisees or licensees in securing all necessary and required consents of any federal or state agency or legal authority.

6.3 Infringement

a. You will promptly notify us in writing of any possible infringement, unfair competition, or similar claims about the Marks or any component of the Proprietary Information that may be the same as or confusingly similar to that used by us.

b. You acknowledge that our IP Affiliate and we have the right, at our sole discretion, to control or take any action in, or address an administrative proceeding relevant to any possible infringement or illegal use of the Marks, the System, or the Proprietary Information. Our Affiliate or we may commence or prosecute such action in our name and join you as a party to the action if we determine it to be reasonably necessary for the continued protection and quality control of the Marks and each component of the System. Our Affiliate or we will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. Our Affiliate or we have no obligation to defend or indemnify you if the claim against you relates to your use of the Marks if such use violates the Franchise Agreement.

6.4 Business Name, Contact Information and Collateral Assignment

a. You will not use the phrases “**B-Well Enterprises, LLC,**” “**B-Well,**” “**Soma Massage Therapy Studio,**” “**Soma Massage,**” or any word or phrase that may be commercially similar to the same as part of your business entity name or for any other use without our express written permission that may be granted or denied for any reason or no reason.

b. You may do business as “XYZ, LLC” (or other business entity) doing business as “Soma Massage Therapy Studio of _____ (city/county/state)” so long as this is only a “doing business as” or fictitious name designation and not part of the business entity name.

c. You also agree not to register or attempt to register or use a Mark or similar mark without our prior written consent, which may be granted or denied for any reason or no reason.

d. You understand and agree that the telephone numbers, URLs, social media locations you use in conjunction with your Soma Massage Therapy Studio, Online Sites, Client Lists, and email addresses for your Soma Massage Therapy Studio constitute a part of the System and are subject to the restrictions of this Franchise Agreement. Accordingly, without our written approval, you will not change your Soma Massage Therapy Studio’s telephone numbers, Online Sites, Client Lists, or email addresses.

e. You will sign the Collateral Assignment of Contact and Electronic Information found in Exhibit 5. Upon the Transfer, expiration, or earlier termination of this Franchise Agreement, all contact information remains our property.

6.5 Modification, Discontinuation, and Goodwill

a. If we determine at our sole discretion that it is necessary to modify or discontinue the use of any Marks, or any portion of the Proprietary Information or the System or to develop additional or substitutes for any such component, you will at your sole expense take such action within a reasonable time after receipt of written notice of such a modification or discontinuation from us as may be necessary to comply with such modification, discontinuation, addition, or substitution. You have no other rights

concerning the changes identified in this paragraph. Failure to do so may result in the termination of the Franchise Agreement.

b. All goodwill associated with the Marks, the Proprietary Information, and any portion of the System, including any goodwill that might have arisen through your activities, will inure directly and exclusively to our benefit except as otherwise provided in this Franchise Agreement or by Applicable Law.

6.6 No Use of Other Marks and Other Limitations

a. No marks, logotypes, trade names, trademarks, or the like other than those specifically approved by us will be used by you for or in your Soma Massage Therapy Studio's identification, marketing, promotion, or operation.

b. You have the right to use the Marks, the System, and the Proprietary Information only in the Protected Territory and only for so long as you fully perform and comply with all of the conditions, terms, and covenants of this Franchise Agreement and our policies and procedures that we prescribe from time to time.

c. All other uses of the Marks in advertising must be with our prior written approval as outlined in this Franchise Agreement and the Operations Manuals.

d. You further agree to execute all additional documents and assurances in connection with the Marks, the System, and any portion of the Proprietary Information as reasonably requested by us and to cooperate with us fully or any of our other franchisees or licensees in securing all necessary and required consents of any state agency or legal authority for the use of the Marks, any portion of the Proprietary Information, or any other component that are or become a part of the System.

6.7 Protection of Marks, System, and Proprietary Information

a. You agree to:

i. Fully and strictly adhere to all security procedures prescribed by us to maintain the Marks' secrecy, each component of the System, and all of the Proprietary Information.

ii. Disclose such information to your employees only to the extent necessary to make and market our products.

iii. Refrain from using any component of the Marks, the System, or the Proprietary Information in any other business or any manner not specifically authorized or approved by us in writing.

iv. us the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the then-current Term.

b. You and your employees will also refrain from conducting any activity at your Soma Massage Therapy Studio or taking any illegal action that could damage or disparage the Marks or negatively impact the reputation and goodwill of the Marks or the System.

c. **Any breach of this Article 6 may result in immediate termination for which no cure is provided.**

6.8 Innovations by You

a. During the Term, you may create, design, or invent an Innovation. Any Innovation is our sole and exclusive property. Upon creating or discovering an Innovation, you will immediately notify us in writing and describe the nature of the Innovation in detail. We have the sole and exclusive right to approve or disapprove of any such Innovation for any reason or no reason. If we approve an Innovation, we may permit you to use it and, at our sole discretion, allow one or more franchisees or company-owned Soma Massage Therapy Studios to use any portion of the Innovation.

b. You agree that, as between you and us, or any third party, we own the right, title, and interest in any Innovation. You agree to take any action necessary to ensure that we obtain such right, title, and interest so long as such action costs you nothing. To the extent that such ideas, concepts, techniques, or materials include copyrights (whether in common law or registered) or patents, the Innovation will be a “work-made-for-hire.” To the extent the Innovation is not deemed a work-made-for-hire, you expressly assign to us all exclusive right, title, and interest in and to any portions of the Innovation without further consideration or any restrictions, liens, or encumbrances. To the extent any of the rights in and to any Innovation cannot be automatically assigned to us due to Applicable Laws, you will ensure that we are granted an exclusive, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense) to practice such non-assignable rights, including the right to use, reproduce, distribute, and modify any Innovation. To the extent any of the rights in and to such Innovation can neither be assigned nor licensed to us, you irrevocably waive and agree never to assert such non-assignable and non-licensable rights against us or any of our successors in interest. No rights of any kind in or to any Innovation are reserved to or by you, and none will revert to or be reserved by or on your behalf.

c. We are not obligated to pay you for any Innovation. We reserve the right to do so without incurring the obligation to pay you or any other franchisee for any future Innovation.

ARTICLE 7

TRAINING

7.1 Initial Training

a. For the first franchise you are awarded and no later than two weeks before you open, your Principal Operator, you (if you are a natural person), and your Designated Manager must complete Initial Training to our satisfaction. If you fail to complete Initial Training to our satisfaction, we have the right to terminate your Franchise Agreement (but all restrictive and other covenants that must survive termination will survive) and will, in that case, refund 50% of your IFF.

b. Initial Training is described in the Operations Manuals, handouts, through electronic delivery, or by another method.

c. We offer Initial Training as needed to meet our franchisees’ needs, but no more often than once weekly.

d. We reserve the right to waive a portion of Initial Training or alter the training schedule or content at our discretion if we determine that you or your designated attendee has sufficient prior experience or training. You must complete Initial Training before you open.

e. You will pay for all transportation and living expenses incurred while you are attending Initial Training.

f. All replacement Designated Managers and Principal Operators must take and pass Initial Training during any Term. You will pay our then-current fee for this service. Some or all of such training may be online. If not, the personnel may be required to attend training at a facility we designate, or we may travel to your location to provide on-site training. You will be responsible for all costs associated with travel, room, board, and wages if you travel to us, and you will reimburse us for our travel, room, and board if we travel to you. In any case, you will pay our then-current fee for such training.

g. If you propose to Transfer your Soma Massage Therapy Studio, part of our approval process is the requirement that the Proposed Transferee attend Initial Training and pay the then-current fee.

h. For the first Soma Massage Therapy Studio you open, we may send a representative to you on the day before you open and for the following two days to help with your Grand Opening and initial operations. We may charge our then-current Opening Help Fee.

7.2 Additional Operating Assistance, Additional Training, Seminars, and Other Education Development Programs

a. You may request additional support or operating assistance (**Additional Operating Assistance**), and we may provide additional, supplemental, or remedial training and support on an as-needed basis as you request or as we deem reasonably necessary. We may require you to pay our then-current fee (plus our travel, room, and board, or your travel, room, and board, if applicable) for such services. Some of this additional training may be mandatory if we introduce new Services, programs, goods, items, and products. Additional training can take place at any time, including in-person training at your location, our location, or online. We will notify you of any mandatory or voluntary additional training and the requisite fee at a reasonable time before such training.

b. From time to time, we may, in our sole discretion, provide such bulletins, brochures, plans, policies, developments, manuals, and reports as we may deem to be relevant to the operation of your Soma Massage Therapy Studio.

c. At such a time as we deem it appropriate, we may hold an annual conference for which attendance will be mandatory. Though none is now required, we may require you to pay our then-current Annual Conference Attendance Fee in the future. We will let you know if and in what amount this fee may be before attending the Annual Conference. You will be responsible for paying all expenses for travel, accommodations, food, and other expenses incurred. When it is known, you will be provided with the duration and location of such annual conference meeting, the identities of those persons who will present information at the annual conference, any attendance fee to be collected, and the content of any seminars or information to be delivered. Any annual conference will be held at a location we determine.

If we hold local or regional meetings, they will last between one and two days and will be held at a location we determine that will be within a reasonable commuting distance from you. Any instructors at such meetings will be persons whose identities and backgrounds we will disclose to you before the meeting.

7.3 Remedial Training

a. If you fail to meet the Minimum Sales Obligations, we have the option, but not the obligation, to offer you Remedial Training to help you meet the Minimum Sales Obligations goals.

b. If offered, Remedial Training may be of any length and include any curriculum we deem appropriate and may take place remotely, at our then-current headquarters, or at your Franchised Business. The training materials and identity of the trainers will be determined before such training, and you will be

informed of the same in writing. You will pay your travel, room, board, and wages (if any) for your attendees if you travel to us, will pay for our travel, room, and board if we travel to you, and will pay our then-current fee for such additional required training regardless of its location. We will give you no less than 30 days' prior notice if we require you to take this training.

7.4 Employees

a. You are solely and exclusively responsible for properly training all employees in the operation of your Soma Massage Therapy Studio. All Therapists must be your employees.

b. You must obtain a criminal background check on each proposed employee. (Article 1).

c. Your employees are not our employees. You are exclusively responsible for the performance of all matters concerning your employees, including hours worked, scheduling, discipline, paying taxes, purchasing workers' compensation insurance, and the like. By way of example and not limitation, we provide no advice, direction, or control over wages, benefits, hiring policies, supervision, promotion, discipline, termination procedures, scheduling, or employee-client relationships except that all such relationships must be professional and in keeping with reasonable standards, employee bookkeeping or records, and the like.

d. You must follow Applicable Law concerning the employer-employee relationship.

d. You will post a sign of sufficient size, font, and type size in your Soma Massage Therapy Studio on the front desk or in an obvious location on a wall, acknowledging that it is independently owned and operated and acknowledging the status of your employees as your employees and not ours.

ARTICLE 8

QUALITY CONTROL

In addition to all other obligations and representations of yours that are outlined in this Franchise Agreement:

8.1 System Compliance

a. You agree to use the Marks, System, Manuals, and the Proprietary Information and adhere to the System and our standardized design and specifications in the operation of your Soma Massage Therapy Studio. You will not alter, change, or modify the System in any way without our prior written approval, which we may grant or deny for any reason or no reason.

b. You will use the System, Marks, Manuals, and Proprietary Information only for your Soma Massage Therapy Studio's operation and will not use them in connection with any other line of business or any other activity.

c. You will conduct no other business at your Soma Massage Therapy Studio other than that authorized under this Franchise Agreement.

d. Your employees and you will not conduct any illegal activity at the Soma Massage Therapy Studio.

e. Your employees and you will not participate in or allow any other activity at your Soma Massage Therapy Studio that could reasonably damage the Marks or our reputation and goodwill.

f. Your employees and you will refrain from engaging in any trade practice or other activity that we determine to be a deceptive trade practice, harmful to the goodwill of the System or Marks, or that may reflect unfavorably on the reputation of you, other franchisees, or us.

g. You must offer for sale all of those Services, products, and goods approved by us and specified in the Operations Manual and any periodic updates incorporated into the Operations Manual. You may not offer for sale any services, products, or goods not specifically approved by us in writing, and you may not use your Business for any purpose other than the operation of your Soma Massage Therapy Studio.

h. You will purchase equipment, other furniture and fixtures, Branded, Permitted Products, and other goods and services we designate only from the source we identify.

i. You will comply with all other contracts you enter into concerning your Soma Massage Therapy Studio's operation, understanding that your breach and failure to cure the breach of any material contract necessary to operate your Soma Massage Therapy Studio could result in the termination of this Franchise Agreement.

8.2 Compliance With Applicable Laws

You must comply with all Applicable Laws relating to the operation of the Soma Massage Therapy Studio, including the maintenance of all licenses and permits necessary to offer the Services. Compliance with Applicable Laws is mandatory, and your failure to adhere to the same permits us to terminate this Franchise Agreement or your rights under it without the opportunity to cure.

8.3 Inspections

a. You consent to reasonable inspections, audits, and visits from secret shoppers or other agents at your Soma Massage Therapy Studio during normal business hours. As a result of such audits, we may find matters that require immediate attention. In such an event, you will change your Soma Massage Therapy Studio or any portion of your Soma Massage Therapy Studio's operation as necessary to comply, regardless of the cost.

b. You will permit our agents or us at any reasonable time to remove from your Soma Massage Therapy Studio without payment samples of inventory, Branded and Permitted Products, and other wares in amounts reasonably necessary for testing by an independent laboratory or us to ensure compliance with our requirements. In addition to any other remedies available to us under this Franchise Agreement, we may require you to bear the cost of such testing if the sample fails to conform to our specifications.

c. You agree to cooperate and assist us with any Client or marketing research program that we may institute from time to time. Your cooperation and assistance include distributing, displaying, and collecting Client comment cards, questionnaires, and similar items.

8.4 Appearance and Client Service

a. You will give prompt, courteous, and efficient service to your Clients to maintain and enhance the reputation and goodwill of your Soma Massage Therapy Studio and the System.

b. At all times, all employees must present a clean, neat, and professional appearance.

c. We do not now, but we may in the future require all of your personnel to wear clean uniforms (conforming to such specifications as to color and design that we may designate from time to time) at all times while in attendance at your Soma Massage Therapy Studio.

d. You, on behalf of your employees, will maintain an adequate supply of all products, materials, supplies, and ingredients to service all Clients.

e. You will enforce such standards of cleanliness, health, and sanitation, and service methods as meet our standards and Applicable Law.

f. You will hire a sufficient number of employees and maintain sufficient inventories to operate your Soma Massage Therapy Studio at its maximum capacity.

g. You will have no jukeboxes, games of chance, video games, newspaper racks, children's rides, telephone booths, cigarettes, gum, candy, or other vending machines installed in or at your Soma Massage Therapy Studio.

8.5 Timely Delivery of All Reports and Fees

You will timely deliver all reports and fees as required under this Franchise Agreement.

8.6 Compliance With All Terms of This Franchise Agreement

You agree to comply with all covenants and duties placed upon you by this Franchise Agreement.

8.7 Management

Your Principal Operator, your Designated Manager, or you must personally participate in the direct day-to-day operation of your Soma Massage Therapy Studio, though we always recommend that you operate the business day-to-day.

8.8 Hours of Operation

Unless otherwise mutually agreed upon in writing, you must operate your Soma Massage Therapy Studio during such hours and on the days the Operations Manuals require. All days and hours of minimum required operation are subject to change at our discretion.

8.9 Modification and Pricing

a. We may reasonably change or modify the System, the Operations Manuals, the Marks, and the Proprietary Information, and you agree to accept, be bound by, use, implement, and display any such changes to the System. You will make the necessary expenditures to implement such changes or modifications.

b. We may suggest pricing schedules from time to time. We do not currently set minimum or maximum prices for any products, goods, or services, though we reserve the right to do so in the future. Using our suggested prices does not imply that you will optimize Gross Sales or profits.

8.10 Disclosure

We can disclose any information concerning your Soma Massage Therapy Studio in our franchise disclosure documents, including your name, address, telephone number, financial and other information.

8.11 Variances

a. We may approve exceptions to, or changes in, the uniform standards for you or other franchisees that we believe are necessary or desirable under particular circumstances. You have no right to object to such variances or obtain the same variances for yourself.

b. From time to time, we may also allow certain services or products not otherwise authorized for general use as part of the System to be offered locally or regionally based on such factors as we determine, including market testing, your qualifications, and regional and local differences.

8.12 No Product Warranties

Any products, goods, services, inventory, or equipment purchased by you through us, an Affiliate, or a required supplier will be subject only to manufacturers' warranties. **OUR AFFILIATES, APPROVED SUPPLIERS, AND WE GIVE NO EXPRESS OR IMPLIED WARRANTIES REGARDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY OF THE PRODUCTS PURCHASED BY YOU, AND YOU SPECIFICALLY WAIVE ANY EXPRESS OR IMPLIED WARRANTIES OF ANY NATURE OR KIND TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW. YOU WILL HAVE SUCH MANUFACTURERS' WARRANTIES AS MAY BE SUPPLIED.**

ARTICLE 9

TRANSFERS

9.1 Sale or Assignment by Us

This Franchise Agreement and all rights and obligations hereunder are fully saleable, assignable, and transferable by us. If sold, assigned, or transferred, the Terms of this Franchise Agreement will be binding upon and inure to the benefit of our successors and assigns. We may sell any portion of or all of the System, Proprietary Information, or other assets to a competitor or any other entity. We may go public, engage in a private or other placement of some or all of our securities, or merge with or acquire other entities or assets that may be competitive with the System. Similarly, a competitive or other entity may acquire us. We may undertake any refinancing, leveraged buy-out, or other similar transactions. You waive all claims, demands, and damages concerning any transaction allowed under this Section or otherwise. You will fully cooperate with any sale, assignment, merger, acquisition, conversion, sale, or financing.

9.2 Transfer by You

a. This Franchise Agreement is personal to you and has been signed by us in reliance on and in consideration of your qualifications and representations. This Franchise Agreement, any of its rights or privileges, or any equitable, capital, voting, non-voting, or other interest in you may be assigned, sold, transferred, or divided in any manner by you or anyone else only with our express written permission.

b. A "**Transfer**" includes the voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition by you (or by any of your equity owners) of any interest in (i) this Franchise Agreement, (ii) the equity ownership as stated in Exhibit 1 that results in a Change of Control, or (iii) any assets of your Soma Massage Therapy Studio other than in the normal course of business. A "**Transfer**" also includes

(iv) a gift to any Person; (v) a transfer resulting from a divorce, insolvency, or business entity dissolution proceeding; (vi) a transfer by operation of law; (vii) a transfer from the death, transfer, or disposition by will or under the laws of intestate succession; (viii) a transfer by the declaration of or transfer in trust; (ix) the pledge of any of interests described in this Section as a security interest; (x) a transfer resulting from any merger, stock redemption, consolidation, reorganization, recapitalization, or other Change of Control; and, (xi) a transfer by any other direct or indirect means.

c. To obtain written approval for a Transfer, you will provide us with all documentation relating to the Proposed Transfer. We will notify you of our decision within 30 days after receiving all of the information we may request from you. The Proposed Transfer will be disapproved if we do not respond within 30 days. The Person who offers the Proposed Transfer or to whom you wish to Transfer is the **“Proposed Transferee.”**

d. If a Proposed Transfer is only among existing natural person franchisees, existing shareholders or members of a corporate or limited liability company franchisee, or among existing partners of a partnership franchisee, and if there is no Change of Control, then there will be no Transfer Fee due, and we will not be entitled to exercise our Right of First Refusal described below. All other conditions to the approval of a Proposed Transfer will apply.

e. If the Proposed Transfer could result in a Change in Control, then all of our rights apply, and such Proposed Transfer will be subject to our approval

f. Each certificate of a corporate or limited liability business entity franchisee will have endorsed upon its face a legend stating that assignment or transfer thereof is subject to the restrictions of this Franchise Agreement. You agree to provide us with a copy of each such certificate to ensure compliance with this Section.

9.3 Conditions to Approval of Any Transfer

a. In determining the acceptability of a Proposed Transferee, we will consider, among other things, our then-current standards for new franchisees, including the net worth, creditworthiness, background, training, personality, reputation, and business experience of the Proposed Transferee, the terms and conditions of the Proposed Transfer, and any circumstances that would make the Transfer contrary to our Reasonable Business Judgment or the best interests of the System.

b. We may meet with the Proposed Transferee and candidly discuss all matters relating to the Franchise Agreement and your Soma Massage Therapy Studio with the Proposed Transferee. In no case will you or a Proposed Transferee rely on us to review or evaluate any Proposed Transfer. We will not be liable to you, the Proposed Transferee, or any other Person relating to the Transfer.

c. As conditions for any Transfer, you agree as follows:

i. You will notify us of the Proposed Transfer by sending us written notice and enclosing a copy of the written offer from the Proposed Transferee.

ii. You must be in Compliance when you request the Transfer.

iii. All accounts payable and other monetary obligations to Affiliates, subsidiaries, or us must be paid in full.

iv. You must have submitted all required reports, financial statements, and other documents in a timely manner.

v. If approved, the Proposed Transferee must sign our then-current form of franchise agreement, **which may contain terms, covenants, and conditions significantly different from those found in this Franchise Agreement.**

vi. The Proposed Transferee must attend Training and pay tuition (if any) that is then charged to new franchisees or Proposed Transferees. The Proposed Transferee will also pay for their travel, room, and board expenses for such Training.

vii. You must pay the Transfer Fee.

viii. You must execute our then-current form of general release. A copy of the current form of general release is attached as Exhibit 6.

d. Regardless of any Transfer, all covenants found in this Franchise Agreement that must survive to remain enforceable, including any post-term covenants not to compete, any indemnification covenants, any confidentiality obligations, and the provisions relating to dispute resolution, will survive and continue to be enforceable by you and us. This means that you may remain liable for such violations and may be required to indemnify us as a result.

9.4 Invalidity of Transfers

a. An Involuntary Transfer or any attempt by you to complete a Transfer in violation of this Franchise Agreement is not binding on us and is grounds for your termination without the right to cure.

b. You will not grant a sub-franchise of or under this Franchise Agreement and will not otherwise license or permit others to use this Franchise Agreement, your Soma Massage Therapy Studio, or any of the rights derived by you under this Franchise Agreement.

c. You agree that using this Franchise Agreement as security for a loan or otherwise encumbering this Franchise Agreement is prohibited unless we specifically consent to any such action in writing before the proposed transaction. Our permission may be granted or denied for any reason or no reason.

9.5 Death or Permanent Disability

If you are a natural person Franchisee Entity, upon your death or Permanent Disability, your executor, administrator, conservator, guardian, or personal representative will Transfer your interest in Franchisee and this Franchise Agreement to an approved third party who may be your heirs or successors. Such disposition (including Transfer by operation of law, intestacy, bequest, or inheritance) must be completed within a reasonable time, not to exceed 180 days from the date of death or Permanent Disability, and is subject to all terms and conditions applicable to transfers contained in this Article 9 as though the Proposed Transferee was being introduced to us by the natural person Franchisee Entity; provided, however, that for purposes of this Section 9.5, no Transfer Fee will be charged.

9.6 Right of First Refusal

If you receive a proposal to Transfer, you agree that the same is subject to our 30-day Right of First Refusal to purchase such rights, interest, or assets on the same terms and conditions as are contained in the

written offer for the Transfer, provided, however, that the following additional terms and conditions will apply:

a. You will notify us of such an offer by sending a written notice to us enclosing a copy of the written offer from the Proposed Transferee.

b. The 30-day Right of First Refusal period will run concurrently with the period in which we have the right to accept or not accept the Proposed Transferee.

c. Such Right of First Refusal is effective for each Proposed Transfer, and any material change in the terms or conditions of the Proposed Transfer will be a separate offer on which a new 30-day Right of First Refusal will be given to us.

d. If the consideration or manner of payment offered in a Proposed Transfer is such that we may not reasonably be required to furnish the same, we may purchase the interest for the reasonable cash equivalent. If the Parties cannot agree within a reasonable time on the cash value of the consideration proposed to be paid by the Proposed Transferee, an independent appraiser will be designated by us, whose determination will be binding upon the Parties. All expenses of the appraiser will be paid equally between you and us.

e. If we choose not to exercise our Right of First Refusal, you will be free to complete the Transfer subject to your compliance with this Article. Our failure to reply to such Right of First Refusal within the 30 days means we have waived our Right of First Refusal.

9.7 Transfer After Retaking Possession

a. In some cases, you will complete a Transfer under this Article but will agree to finance part of the consideration offered by the Transferee. You may also agree that if the Transferee fails to perform under your financial arrangement, you will be able to retake possession of your Soma Massage Therapy Studio. In such circumstances, and even though we may have approved of the original Transfer, if you retake possession of your Soma Massage Therapy Studio, you will be permitted to operate it temporarily as though you were the Designated Manager under the Transferee's franchise agreement. In such an event, you must apply to us within 30 days of retaking possession as a new Proposed Transferee. We will then have the right to evaluate granting you a new license in the same manner as we would a Proposed Transferee.

b. IN SOME CASES, WE MAY NOT APPROVE OF YOU AS A TRANSFEREE, THE RESULT BEING THAT YOU WILL BE REQUIRED TO CLOSE YOUR SOMA MASSAGE THERAPY STUDIO. THERE IS NO GUARANTEE OF APPROVAL BY US.

ARTICLE 10

DEFAULT AND TERMINATION

10.1 Termination by Us – Effective Upon Notice

We have the right, at our option, to terminate this Franchise Agreement and all rights granted you without allowing you to the right to cure (subject to any state laws to the contrary, where such state law may prevail) or to any other rights that we may have, including terminating your right to operate your Soma Massage Therapy Studio without terminating the Franchise Agreement upon the occurrence of any of the following events:

a. You cease to operate your Soma Massage Therapy Studio or otherwise abandon your Soma Massage Therapy Studio for five consecutive days or any shorter period that indicates your intent to discontinue operation, unless and only to the extent that an act of Force Majeure suspends the full operation of your Soma Massage Therapy Studio. In the event of an Event of Force Majeure, you must comply with the obligations relating to Force Majeure.

b. You become insolvent as that term is commonly defined using generally accepted accounting principles, consistently applied, are adjudicated a bankrupt, any action is taken by you or by others against you under any insolvency, bankruptcy, or reorganization act, you make an assignment for the benefit of creditors, or a receiver is appointed by you. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 *et seq.* If, for any reason, this Franchise Agreement is not terminated under this Article and Is assumed, or assignment of the Franchise Agreement is made to any Person that has made a *bona fide* offer to accept Transfer of this Franchise Agreement under the U.S. Bankruptcy Code, then we will be given no less than 20 days notice of such Proposed Transfer setting forth, (i) the name and address of the proposed assignee and (ii) all of the terms and conditions of the proposed assignment and assumption. We will have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of this Franchise Agreement to us upon the same terms and conditions and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee less any brokerage commissions which may be payable by you out of the consideration to be paid by such assignee for the assignment of this Franchise Agreement.

c. Any material judgment or award (or several judgments or awards which in the aggregate are material) is obtained against you and remains unsatisfied or of record for 30 days or longer unless a *supersedeas* or other appeal bond has been filed or if execution is levied against your Soma Massage Therapy Studio, any of the property used in the operation of your Soma Massage Therapy Studio, or the business entity franchisee and is not discharged within five days.

d. You are (i) convicted of or plead *no contest* to a crime, whether a misdemeanor or felony involving moral turpitude; (ii) convicted of or plead *no contest* to a felony of any nature; or (iii) arrested for, convicted of, or plead *no contest* to any other crime whether a misdemeanor, felony, or civil offense that is reasonably likely at our sole opinion to materially and unfavorably affect the System, Marks, Proprietary Information, or the goodwill or reputation thereof.

e. You fail to pay any Royalties, Advertising Fees, or any other amounts due us, including any amounts which may be due as a result of any other agreements between you and us, within five days after receiving notice that such fees or amounts are overdue.

f. You misuse or fail to follow our direction and guidelines concerning the use or confidentiality of the Marks, the Operations Manuals, any component of the System, or any Proprietary Information, and fail to correct the misuse or failure within five calendar days after notification from us. If you violate this Section intentionally, you will have no right to cure the breach, and termination will be immediate.

g. You intentionally or negligently disclose any component of the System, the Marks, or any of the Proprietary Information to an unauthorized Person.

h. During the Term, you received two written notices of default as to any term, covenant, or condition (or a combination thereof) of this Franchise Agreement and are again in default of the same or any other term, covenant, or condition of this Franchise Agreement, even if all prior breaches were timely cured.

- i. You attempt to or actually complete a Transfer without permission, suffer an Involuntary Transfer, or otherwise violate the terms of Article 9.
- j. You violate any Applicable Law (including your failure to pay employees or failing to timely pay any tax due as a result of your Soma Massage Therapy Studio's operation) and fail to cure the same within the time allowed under Applicable Law if any such cure is granted.
- k. You made any material misrepresentations relating to the acquisition of your rights under this Franchise Agreement.
- l. You violate any covenant or condition of Section 1.6.
- m. You violate any term, covenant, or condition of your lease, resulting in you losing your right to possession of your Franchised Location.
- n. An inspection of your records disclosed an understatement of payments of 4%. If the inspection reveals an intentional understatement, then regardless of the percentage it bears to your Gross Sales, the same will be a breach for which no cure is available.
- o. You violate any other term, covenant, or condition of this Franchise Agreement that contains its own cure provision and then fail to cure within the time provided.
- p. You engage in any unauthorized business practice, sell any unauthorized products or services from your Soma Massage Therapy Studio, or violate any obligations set forth in the Manuals.
- q. You engage in any activity, take any action, or fail to take any action, the consequence of which has an adverse effect on or disparages the System, the Proprietary Information, the Marks, or the goodwill of the franchise system.
- r. You violate Section 10.3.
- s. You fail to deliver any reports or documents due under this Franchise Agreement and then fail to cure the same after receiving written notice giving you five days to cure.
- t. You fail to add new lines of goods, services, training programs, equipment, technology, or changes to the System, Operations Manuals, or Proprietary Information after we have notified you in writing and have given you a reasonable time to comply, which in any event will be no longer than 60 days.
- u. You fail, refuse, or neglect to obtain any prior written approval or consent required by this Franchise Agreement.
- v. You fail to obtain and then update any criminal background check.
- w. You negligently or intentionally fail to disclose to us any claim made against you, your employees, staff, or Therapists by any Client within three days of the date that any notice of a claim (be it an email, written notice, letter, oral statement, or otherwise).
- x. You threaten bodily harm to or "harass" any member of our staff, employees, agents, other franchisees, Clients, or the like. A person commits harassment if, with intent to harass they, (i) annoy, or alarm another person; (ii) strike, shove, kick, or otherwise touch a person or subject such person to unwanted

physical contact; (iii) in a public place directs obscene language or gestures to or at another person; (iv) follows a person in or about a public place; or (v) intentionally takes other actions towards another person, that a reasonable person would deem to be psychologically or physically harmful to the victim's wellbeing. We reserve the right to amend this definition at any time in keeping with Applicable Law.

10.2 Termination by Us – Ten Days Notice

a. We will have the right to terminate this Franchise Agreement (subject to any state laws to the contrary, in which case such state laws will prevail) effective upon ten days' written notice to you if you breach any other term, covenant, or condition of this Franchise Agreement not identified in Section 10.1 and fail to cure the default during the ten days.

b. After the passage of said ten-day period without a cure, we have the right to avail ourselves of such remedies as are available under this Franchise Agreement.

10.3 Cross Default

a. If you are a party to any other franchise agreements with us or are a party to any agreements with an Affiliate, and if such agreement is breached and not timely cured within the period permitted in such agreement, we have the right to terminate this and all other Franchise Agreement without affording you an additional right to cure.

b. If you violate the terms, covenants, or conditions of any Third Party Contract and fail to cure any such breach within the time permitted under the Third Party Contract, and as a result, you are unable to operate (i) your Soma Massage Therapy Studio in the manner that you were able to before the breach of the Third Party Contract; or (ii) any other Soma Massage Therapy Studios under separate franchise agreements, then upon termination of said Third Party Contract, your rights under this Franchise Agreement or any other franchise agreements, may, at our sole and exclusive discretion, also be terminated, or we may avail ourselves of any other remedies allowed by this Franchise Agreement). You will provide us with immediate notice in the event of the termination of a Third-Party Contract.

10.4 Diligent Pursuit of Cure

a. If the breach of this Franchise Agreement is one for which cure is provided and if you undertake the cure within three days of the date that you receive our notice, and if you continue to pursue such cure in good faith but are unable to complete it within the period provided, you will be given up to an additional 30 days after the end of the first cure period within which to complete such cure. If you fail to pursue the cure during the additional 30 days or are unable to complete such cure within the additional 30 days, we have the right to terminate the Franchise Agreement without the right to any additional cure or further notice to you. If, however, providing our services to you is necessary for you to pursue and complete a cure, we will not withhold such services but will continue the same to allow you to complete such cure.

b. We retain the right, at our sole discretion, to grant extended time to cure. In such an event, however, we will not have waived our rights to later strictly enforce any right to cure, deny you the right to cure a future breach for which no cure is provided, or our right to take such action as allowed by this Franchise Agreement.

c. If the Event of Default is material and is one for which cure is provided, during the period of cure, we have the right to suspend our performance of any of our obligations under this Franchise Agreement, including the supply of any online services, online advertising, web-page hosting, and the sale or delivery of any goods, services or products until you cure the Event of Default. If, however, providing

our services to you is necessary for you to pursue and complete a cure, then we will not withhold such services but will continue the same to allow you to complete such cure.

10.5 Our Rights to Damages

Upon your failure to cure an Event of Default within the specified time or if no cure is provided, then we may proceed to enforce any of the following non-exclusive remedies or any other remedy, claim, or cause of action allowed by law or in equity with the understanding that the pursuit of one remedy is not an election of remedies to the exclusion of others and is not a waiver by us to pursue additional remedies as all remedies are cumulative and are not exclusive:

a. Bring one or more actions for lost profits as measured by the Royalties and other fees that would have been due and payable had a breach not occurred, penalties, and interest as provided for in this Franchise Agreement, and for all other damages sustained by us because you breached this Franchise Agreement.

b. Accelerate the balance of any outstanding installment obligation due and bring an action to collect the entire accelerated balance.

c. Subject to the terms of Article 16, bring an action for a temporary or permanent injunction or for specific performance to stop you from engaging in prohibited actions such as (i) improper use of the Marks or System, (ii) unauthorized assignment of this Franchise Agreement, (iii) violation of any of the restrictive covenants, or (iv) your failure to meet or perform your obligations at the expiration, earlier termination, or Transfer of this Franchise Agreement.

d. Terminate this Franchise Agreement or not terminate this Franchise Agreement, but terminate your right to operate under this Franchise Agreement and proceed to enforce our rights under the appropriate provisions that will include our right to obtain damages.

e. We have the right to refrain from terminating this Franchise Agreement but retain the right to enforce our rights to deny your use of the Proprietary Information or the right to operate your Soma Massage Therapy Studio or avail ourselves of any other legal or equitable remedy and to bring an action for any damages, costs (including reasonable attorneys' fees and arbitration costs) or losses suffered by us.

f. If you operate your Soma Massage Therapy Studio, use any of the Marks or any component of the Proprietary Information or System after Transfer or the termination or expiration of this Franchise Agreement or violate any covenants that survive such expiration, termination, or Transfer, then in addition to any remedies provided above and any other remedies in law or equity (all of which will be cumulative and will not be deemed to be an election of remedies to the exclusion of other remedies), our remedies will include recovery of the greater of (i) all profits earned by you in the operation of your Soma Massage Therapy Studio using our Marks or any component of the Proprietary Information or System after such Transfer, repurchase, termination, or expiration or (ii) all other damages as may be proven.

g. Notwithstanding anything in this Franchise Agreement to the contrary, to the extent that state law requires us to purchase some or all of your assets at FMV upon the expiration or termination of this Franchise Agreement, we agree to repurchase your assets at their FMV.

10.6 Certain Damages

Each Party agrees that it has the right to seek damages in addition to the actual monetary loss that can be proven, including consequential, indirect, special, exemplary, and punitive damages,

even if a Party is made aware of the right to such damages or that such damages were foreseeable. Being advised of the same, we each waive such damages that may be in addition to any actual monetary damages suffered, except if you are required to indemnify us under Article 14 and if, as a result of the action underlying the indemnification, such damages are awarded to the injured party, then you agree that indemnification will cover such damages. If such damages are awarded through arbitration regardless of the terms of this Franchise Agreement, and if such an award is not deemed to be outside the scope of what is permitted by this Article or this Franchise Agreement, then any constitutional or statutory limitations on punitive, exemplary, multiple, or similar damages will apply.

Initials of Franchisee

Initials of Franchisee

Initials of Franchisor

10.7 State or Federal Law Prevails

If any mandatory provisions of governing state law prohibit termination of the franchise agreement as described herein, or if the same otherwise limit our rights to terminate by imposing different rights or obligations as are found herein, then such mandatory provisions of state law will be incorporated into the agreement by reference and will prevail over any inconsistent terms in the agreement. If no such law exists, or if such law exists but permits you to agree to abide by the termination provisions as set forth herein instead of that state law, or if by use of arbitration as an alternative dispute resolution practice, the result of which is that such state law is preempted, then you agree that the terms of this Franchise Agreement will prevail. Subject to the above, these waivers and limitations may not be enforceable under state or federal law.

10.8 Action Against Us

a. Subject to the limitations of actions as found in this Franchise Agreement that requires you to take any action before the expiration of the time limit found therein, before starting any dispute resolution procedure against us or any of our officers, agents, or employees, you agree first to give us or our officers, agents, or employees 60 days' prior written notice and an opportunity to cure any alleged act or omission within that time. If such an act or omission cannot be cured within the 60 days and our officers, agents, employees, or we are diligently pursuing cure, you will give us or our officers, agents, or employees an additional 30 days to complete the cure. If we fail to complete such a cure promptly, you have such rights as permitted under this Franchise Agreement.

b. Except as required by state law, you further agree that fulfillment of all of our obligations under this Franchise Agreement, or obligations deemed to bind us through any oral communications) will be the Franchisor's sole responsibility, and none of our equity owners, members, managers, officers, agents, representatives, or any individuals associated with us will be personally liable for any reason.

ARTICLE 11

YOUR OBLIGATIONS UPON TRANSFER, TERMINATION, OR EXPIRATION

11.1 Obligations

Upon a Transfer (to the extent that the below are applicable), termination, or expiration of this Franchise Agreement, you will cease to be a licensed franchisee and will immediately:

a. Pay for all product purchases, advertising fees, and other charges and fees owed or accrued to us.

b. Refrain from holding yourself out as a franchisee and immediately cease to advertise or in any way use the System, the Marks, any materials, designs, logos, methods, procedures, processes, and other commercial property and symbols or promotional materials provided by or licensed to you by us or in any way connected with your Soma Massage Therapy Studio.

c. Take all steps necessary to disassociate yourself from the System and your Soma Massage Therapy Studio, including modifying the interior or exterior of your Franchised Location to distinguish it from the standard or common appearance of franchised Soma Massage Therapy Studios, removing signage, and destroying all letterhead.

d. Take such action as is necessary to amend or cancel any assumed name, fictitious name, business name, or equivalent registration that contains any trade name or Mark of ours or in any way identifies you as being affiliated with the System.

e. Notify all suppliers, utilities, creditors, and concerned others that you are no longer affiliated with the System or us and provide proof of such notification. You covenant not to use any part of the System or any part of our trade secret or confidential, or proprietary information or materials following the Transfer, expiration, or termination of this Franchise Agreement and not to identify any present or future business owned or operated by you as having been in any way associated with the System or us.

f. Within seven calendar days, return to us by first-class, prepaid, certified, return receipt requested United States mail all Operations Manuals (including originals and any copies), all training, advertising, promotional aids, materials, and all other printed materials concerning the operation of your Soma Massage Therapy Studio and the Client Lists.

g. Unless an earlier time is called for, in which case the earlier time prevails, furnish evidence satisfactory to us of compliance with this Article within 30 calendar days after the Transfer, expiration, or termination of this Franchise Agreement.

h. We may also exercise our rights under the Collateral Assignment of Contact and Electronic Information found in Exhibit 5. If the telephone company, website manager, hosting agent, and other listing or Internet agencies fail to accept the Collateral Assignment of Contact and Electronic Information, this covenant serves as your election of us as your attorney-in-fact coupled with an interest as evidence of our exclusive rights in and to the same. If your state requires specific information to be included in this Franchise Agreement or a particular document to be executed to perfect our rights as your attorney-in-fact, you and we agree that this Franchise Agreement is amended to include such language or document, and you and we will cooperate to ensure that such document is executed.

i. The terms of this Article survive the Transfer, expiration, or earlier termination of this Franchise Agreement.

11.2 Additional Matters

Upon the Transfer, expiration, or earlier termination of this Franchise Agreement for any reason:

a. No payment will be due to you from any source on account of any goodwill or other equity claimed by you arising from your operation or ownership of your Soma Massage Therapy Studio or this Franchise Agreement.

b. No fees, charges, Royalties, advertising fees, or other payments of any kind from you to us will be refundable in whole or in part.

c. You will have no equity or other continuing interest in this Franchise Agreement or the franchise relationship.

ARTICLE 12

FIRST RIGHT TO PURCHASE

a. Except as otherwise provided in Article 9, which will prevail in the instance of a Transfer, expiration, or earlier termination of this Franchise Agreement, you grant to us the right to acquire, at our sole discretion, all or any part of your inventory, equipment, signs, accessories, and other personal property relating to your Soma Massage Therapy Studio or this Franchise Agreement at the Fair Market Value of such furniture, fixture, equipment, or item as of the date of the expiration or termination of this Franchise Agreement.

b. We must exercise this option within 30 days of such expiration or termination by giving written notice to you of our intent. Unless otherwise agreed by you, the purchase price as determined hereunder will be paid in cash within the option period.

c. If we have not notified you of our election to exercise this option within the 30 days, it will be conclusively presumed that we have elected not to exercise our option, and you are then free to sell or transfer such assets to any Person on such terms as you may so choose.

ARTICLE 13

RELATIONSHIP BETWEEN THE PARTIES

a. In all matters between us or between you and the public, you are an independent contractor. Nothing in this Franchise Agreement or the franchise relationship constitutes a partnership, agency, joint venture, or any other similar arrangement between you and us.

b. Neither Party is liable for the other Party's debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors, or omissions.

c. You are responsible for managing and controlling your Soma Massage Therapy Studio and its operation, including its daily management, employee direction, and the payment of all costs and expenses.

d. The Parties agree not to hold themselves out by action or inaction contrary to the preceding.

e. **None of your employees is our employee, and each employee must be so notified.**

f. You and we will not act or have the authority to act as agents for the other. Neither you nor we guarantee the other's obligations or in any way may become obligated for the debts or expenses of the other.

g. You agree to post promptly and maintain any signs or notices specified by Applicable Law or by us indicating the status of the Parties as described above.

ARTICLE 14

INDEMNIFICATION

a. Unless a Claim results from our gross negligence or willful misconduct, you agree to and will indemnify and defend the Indemnified Parties against and will reimburse us for all Claims directly or indirectly arising (i) out of your operation of your Soma Massage Therapy Studio, (ii) from your employees or Clients, (iii) from your breach of any Third Party Contract that results in our being named in the Claim, (iv) premises liability, (v) under any theory of strict liability, co-employment, agency-principal, or similar theories of joint liability, (vi) your use of the Marks, the System, or the Proprietary Information, or (vii) from your performance or failure to perform under this Franchise Agreement or any other agreement between an Affiliate and you, or you and us.

b. Included in your indemnification obligations is the reimbursement to us, or direct payment by you of any award, damages including punitive, consequential, special, or similar damages, and costs reasonably incurred in defense of any Claim against the Indemnified Parties, including reasonable accountants,' attorneys,' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

c. We have the absolute right to defend any Claim and have the right to have counsel of our choosing, the reasonable cost of which will be borne by you.

d. Your indemnification obligations will continue in full force and effect after and notwithstanding the Transfer, expiration, or termination of this Franchise Agreement and subject to any applicable limitation of actions statute.

ARTICLE 15

RESTRICTIVE COVENANTS

15.1 In-Term Covenant Not to Compete

a. You and we share a common interest in avoiding situations where Persons who are or have been franchisees within the System operate or otherwise become involved with a Competing Business either during or after the Transfer, before the expiration of this Franchise Agreement, or at the termination of this Franchise Agreement. You and we want to protect our Proprietary Information, trade secrets, and similar information from misuse in a Competitive Business.

b. During the Term, you will refrain from owning, operating, leasing, franchising, conducting, engaging in, having any interest in, or acting as an employee, consultant, partner, officer, or equity holder of any Competitive Business wherever located except with our prior written consent which consent may be granted or withheld for any reason or no reason.

15.2 Post-Term Covenant Not to Compete

a. Upon a Transfer, expiration, or earlier termination of this Franchise Agreement, and for 24 full months after that, you will refrain from owning, operating, leasing, franchising, conducting, engaging in, having any interest in, or acting as an employee, consultant, partner, officer, or equity holder of any Competitive Business that is within your Protected Territory or the protected territory of another franchisee, an Affiliate or us, or within 10 miles of the perimeter of your Protected Territory or 10 miles of the perimeter of the protected territory of another franchisee, an Affiliate or us.

b. If the date of the Transfer, expiration, or earlier termination is other than the first day of a month, then the 24 months of non-competition will increase by the number of days remaining in that month.

15.3 No Disclosure

You and the Franchisee Parties agree that during the Term or at any other time after the expiration or termination of this Franchise Agreement for any reason, each will refrain from making any unauthorized disclosure or use of the Marks, any component of the System, or any portion of the Proprietary Information.

15.4 No Diversion

During the Term of this Franchise Agreement, for 24 full months following a Transfer, the expiration, or termination of this Franchise Agreement for any reason in the area described in Section 15.2, you covenant and agree that you will not directly or indirectly, for yourself or through, on behalf of, or in conjunction with any Person:

a. Divert or attempt to divert any business to a Competitive Business.

b. Directly or indirectly perform any other act injurious or prejudicial to the goodwill associated with the Marks, the System, or both.

15.5 Reasonable Restriction, Savings Clause, and Period of Non-Compliance

a. The covenants found in this Article are intended to be a reasonable restriction on you. You and we agree that the purpose of these restrictions is to protect the entire franchise System from unfair competition and to protect the goodwill, time, and effort we have spent creating the System and the Proprietary Information. We would not have shared such information with you unless you agreed to be bound by this Article.

b. You agree that you have skills of a general and specific nature and have other opportunities or will have other opportunities to use such skills and that enforcing these covenants will not unduly deprive you of the opportunity to earn a living.

c. To ensure that the covenants found in this Article are and will remain enforceable, an arbitrator may amend every month, each mile of distance, or any other restriction to reduce any spatial, temporal, or other limitation considered to be overly broad in the most limited manner possible to fashion a reasonably enforceable covenant that upholds the restrictive nature of this Article specifically and this Franchise Agreement generally.

d. The terms of the post-termination covenant not to compete will not apply to a case where you own 5% or less of a beneficial interest in the outstanding equity securities of any publicly held corporation (as the Securities and Exchange Commission generally defines this term).

e. You expressly agree that the existence of any Claim you may have against us, whether or not arising from this Franchise Agreement, does not constitute a defense to our enforcement of the covenants of this Section 15. You further agree that we are entitled to set off any amounts owed to you against any loss or damage we sustained because you breached this Section 15.

f. If, at any time during a period of non-competition following a Transfer, expiration, or termination of this Franchise Agreement, you fail to comply with your obligations under this Section 15, then that period of noncompliance will not be credited toward your satisfaction of the period of non-competition and such period of non-competition will be tolled until you are again in compliance.

15.6 We Are Entitled to Injunctive Relief

You acknowledge that any failure to comply with this Article will cause us irreparable injury for which no adequate remedy at law may be available. You agree and consent to the issuance of an injunction by a court of competent jurisdiction to prohibit your conduct. If permitted by law, you also waive any requirement for the posting of any bond. If such equitable relief has been granted, then you and we will immediately proceed under Article 16. If equitable relief is denied, we still have the right to seek redress under Article 16. The court will only have jurisdiction and the power to consider the equitable relief stated here.

15.7 Tolling of Time

If at any time during a period of non-competition, you fail to comply with your obligations under this Article, under Article 6, or under any other covenants that have survived a Transfer or the expiration or termination of this Franchise Agreement, the period of noncompliance will not be credited toward your satisfaction of the non-competition requirement. Instead, counting the non-competition period will be tolled until you are again in compliance.

15.8 Application and Survival

a. This Article applies to all material participants in your Soma Massage Therapy Studio's operations, including the Principal Operator, any equity holder, any Person that has a manager or higher position, any Guarantor, any Person that is a spouse or civil partner of you, the Principal Operator, an equity holder, and all others that take an active role in the operation of your Soma Massage Therapy Studio that holds a manager or higher position.

b. The covenants of this Article survive the Transfer, expiration, or earlier termination of this Franchise Agreement and will continue to apply to and bind the Persons subject to these terms.

ARTICLE 16

DISPUTE RESOLUTION

16.1 Intent, Meeting, and Mediation

You and we believe it is essential to resolve disputes amicably, quickly, cost-effectively, and professionally, and to return to business as soon as possible. You and we agree that the provisions of this Article support these mutual, practical business objectives and agree as follows:

a. All provisions of this Franchise Agreement (including the language of this Article) will be fully enforced, including those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring claims.

b. **The terms of this Article are mandatory and not permissive.**

c. The Parties are relying on the federal preemption of state laws under the Federal Arbitration Act (9 U.S.C. §1 et seq.) with the understanding that the Federal Arbitration Act and not state law will control any matters pertaining to mediation and arbitration and the provisions of this Franchise Agreement will be enforced only according to its terms and through the alternative dispute, mechanism found in this Article. The Parties agree that each Party intends that any state law attempting to prohibit arbitration or void out-of-state forums for arbitration are preempted by the Federal Arbitration Act and that arbitration will be held as provided in this Article.

d. Except as expressly provided in this Franchise Agreement, **EACH PARTY KNOWINGLY WAIVES ALL RIGHTS TO A COURT OR JURY TRIAL AND, INSTEAD, SELECTS FACE-TO-FACE MEETINGS, MEDIATION, AND FINALLY BINDING ARBITRATION AS THE SOLE MEANS TO RESOLVE DISPUTES UNDERSTANDING THAT FACE-TO-FACE MEETINGS, MEDIATION, AND ARBITRATION MAY BE LESS FORMAL THAN A COURT OR JURY TRIAL AND MAY USE DIFFERENT RULES OF PROCEDURE AND EVIDENCE, THAT AN APPEAL PROCESS IS GENERALLY LESS AVAILABLE, AND THAT THE FEES AND COSTS ASSOCIATED WITH MEDIATION AND ARBITRATION MAY BE SUBSTANTIALLY GREATER THAN IN CIVIL LITIGATION.**

Initials of Franchisee

Initials of Franchisee

Initials of Franchisor

e. Notwithstanding the fact that a Party is or may become a party to a court action or special proceeding with a third party or otherwise, and whether or not such pending court action or special proceeding (i) may include issues of law, fact, or otherwise, that arise out of the same transaction (or series of related transactions) as any arbitrable matter between or involving the Parties, (ii) may involve the possibility of conflicting rulings on issues of law, fact, or otherwise, or (iii) may involve a third party who cannot be compelled to arbitrate the terms, covenants, and conditions of this Franchise Agreement, the Parties still agree any dispute between the Parties to this Franchise Agreement will be enforced according to the terms found herein, including the obligation to perform under this Article.

f. Before arbitration, each Party agrees to adhere to the following procedure:

i. First, in the event of a disagreement between them, the Parties agree to meet face-to-face within 30 days after any Party gives written notice to the other.

ii. Second, if the issues between the Parties cannot be resolved, the disagreement must be submitted to non-binding mediation before the Judicial Arbitration and Mediation Service or its successor. If the Judicial Arbitration and Mediation Service is unable or unwilling to conduct such proceedings and the Parties to the dispute cannot agree on an appropriate organization or Person to conduct such proceedings, then the American Arbitration Association will hear the mediation.

A. The Parties will agree upon a single mediator experienced in franchising. If the Parties cannot agree upon the mediator, then the senior-most officer, director, or manager of the association under which the mediation occurs will choose a neutral and disinterested mediator, and such choice will be final and binding upon the Parties.

B. Mediation must begin 30 days after the face-to-face meeting. Any Party may be represented by counsel and bring persons appropriate to the proceeding with the mediator's permission.

iii. Each Party will bear the Party's costs associated with attending mediation and equally split the cost of the mediator.

iv. If the mediation does not resolve the matter, the Parties agree that the disagreement will be submitted to and resolved by binding arbitration.

16.2 Resolution Under Arbitration

a. Subject to the terms of this Article, Arbitration must begin at the earlier of 90 days after mediation fails to resolve the issue or on the last day of the period identified in Section 16.8. Arbitration will be held before and under the arbitration rules of the Judicial Arbitration and Mediation Service. If the Judicial Arbitration and Mediation Service is unable or unwilling to conduct such proceedings, and the Parties cannot agree on an appropriate organization or Person to conduct such proceedings, then the arbitration will be heard by a single arbitrator from the American Arbitration Association. The arbitrator must be experienced in franchising. If the Parties cannot agree upon the arbitrator, then the senior-most officer, director, or manager of the association under which the arbitration is to take place will choose a neutral and disinterested arbitrator, and such choice will be final and binding upon the Parties.

b. Counsel may represent any Party and may bring Persons appropriate to the proceeding with permission of the arbitrator.

c. The arbitrator's judgment on any preliminary matter or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

d. The arbitrator's award will be in writing. On request by a Party to the arbitration, the arbitrator will provide to all disputants a reasoned opinion with findings of fact and conclusions of law, and the Party so requesting will pay the arbitrator's fees and costs for this service.

e. There will be no right to appeal an interim ruling or final award

f. The Parties agree that they will equally split the fees paid to start arbitration and the fees paid to the arbitrator until the arbitrator awards fees and other costs to the prevailing Party.

16.3 Confidentiality

The Parties to any meeting, mediation, or arbitration may be required by the mediator or arbitrator to sign a confidentiality agreement, or confidentiality covenants may be included in any settlement or resolution of the dispute. We currently do not have such a form and cannot provide it as an exhibit.

16.4 Choice of Law, Venue, and Jurisdiction

a. Any meeting, mediation, or arbitration will be conducted exclusively at a neutral location within 15 miles of our then-current headquarters (currently Denton, Texas) without regard to conflict of law provisions or *forum non-conveniens* demands to the contrary and to the exclusion of any other jurisdiction or venue

b. The arbitrator in any proceeding under this Article will apply all Applicable Laws and equity permitted under the laws of the state where our headquarters is then located (currently in Texas) without regard to conflicts of law provisions and the exclusion of the laws of another jurisdiction or venue.

c. The Parties have negotiated regarding the terms of this Article 16 (including the jurisdiction, venue, forum, and choice of law), **understand that the terms of this Article 16 are mandatory and not permissive**, and have agreed to the terms of this Article 16 generally and to this Section 16.4 specifically.

Initials of Franchisee

Initials of Franchisee

Initials of Franchisor

16.5 Scope, Discovery, Other Procedural Matters, Fees, and Costs

a. The arbitrator will decide any factual, procedural, or legal questions relating to the dispute between the Parties, including matters concerning misrepresentation, fraud (including fraud in the inducement), any decision as to whether there is a franchise agreement, a determination of arbitrability, whether this Article 16 is applicable and enforceable, and issues related to the subject matter, timeliness, scope, remedies, and unconscionability.

b. The Parties to any dispute have the same discovery rights as are available under the rules of the arbitration association hosting the arbitration.

c. Each participant must submit or file any claim that would constitute a “compulsory counterclaim” (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any compulsory counterclaim not submitted or filed in such proceeding will be forever barred.

d. The arbitrator may issue summary orders disposing of any part of a claim and provide temporary restraining orders, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable, interim, or final relief.

e. Each Party consents to the enforcement of such orders, injunctions, or similar actions by any court having jurisdiction.

f. The arbitrator will have subpoena powers limited only by the laws of the state where our headquarters is located.

g. In addition to any other remedy, the arbitrator has the right to award the “**Prevailing Party**” the Party’s costs, fees, reasonable attorneys’ fees, expert witness fees, and the like that the Party expended in preparation for and the prosecution of the case at arbitration. The Prevailing Party is the Party that has obtained the greatest net judgment in terms of money or money equivalent. The net judgment is determined by subtracting the smallest award of money or money equivalent from the largest award. If money or

money equivalent has not been awarded, then the Prevailing Party will be that Party that has prevailed on a majority of the material issues decided. If there is a mixed decision involving an award of money or money equivalent and equitable relief, or if the arbitrator determines that it would be in the best interest of justice, then regardless of the above language, the arbitrator will award the above fees to the Party that it deems has prevailed over the other Party using the arbitrator's reasonable arbitrator judgment.

16.6 Disputes Not Subject to the Mediation or Arbitration Process

a. Claims or disputes relating primarily to the Marks, to any intellectual property licensed to you, and for any matter governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*) are subject to court proceedings in a court of competent jurisdiction. Only the portion of any claim or dispute identified in this Section 16.6 will be subject to court action and only to the extent that such action is necessary to protect us.

b. Matters relating solely to the collection of money by one Party against the other are not subject to a face-to-face meeting, mediation, or arbitration. Such matters include collection efforts against you or us solely for failing to make timely payment of any amount due to the other. In such an event, such matter may be brought in a court of competent jurisdiction and venue, and such claims will be subject only to the applicable statute of limitations relevant to the subject matter of the litigation and not to the one-year limitation of action found in this Article 16 and elsewhere. If one Party to such action pleads another claim, cross-claim, counter-claim, or affirmative defense based on anything other than the mere collection of money, or if the other Party alleges facts concerning fraud or any other equitable defense, then the entire matter will be subject to the alternative dispute resolution procedures of this Article 16.

c. To the extent that either Party seeks injunctive relief before the face-to-face meeting or mediation, the Party may apply to a court of competent jurisdiction for such injunctive relief. The court will hear only the application for injunctive relief, and the mere fact that the court exercised jurisdiction in considering the injunction will not eliminate the alternative dispute resolution requirements of this Article. If the temporary injunction is granted, the Party that made the application must begin the alternative dispute resolution process under this Article.

16.7 No Class Actions and No Personal Liability

a. The Parties each understand and specifically agree that any matters concerning the relationship between the Parties and any dispute arising, as a result, will be determined on an individual basis and will not be brought as a class action or with multiple unrelated franchisees (whether as a result of attempted consolidation, joinder, or otherwise). This is prudent from a business standpoint because (i) the mediation and arbitration procedures function most effectively on an individual case basis, (ii) there are significant factors present in each franchisee's situation that should be respected, and (iii) class-wide or multiple plaintiff disputes do not foster quick, amicable, and economical dispute resolution.

b. You further agree that fulfillment of all of our obligations under this Franchise Agreement, or based on any oral communications which may be ruled to be binding, will be our (the Franchisor's) sole responsibility, and none of our equity owners, members, managers, officers, agents, representatives, or any individuals associated with us will be personally liable for any reason.

16.8 One Year Limitation of Action

a. Except for matters identified in Section 16.6 above (including alleged misuse of the Marks or any intellectual property licensed to you which may be brought at any time), **THE PARTIES ARE LIMITED TO BRINGING ANY ARBITRATION AGAINST THE OTHER WITHIN ONE YEAR**

OF THE DATE THAT THE FACTS THAT GIVE RISE TO THE CLAIM OCCURRED. The one-year period begins to run upon such date and will not be tolled merely because the claiming Party was unaware of legal theories, statutes, regulations, or case law upon which the Claim might be based. If the Parties have begun mediation on the day that the one-year period expires, then the one-year period will be extended by 90 days from the unsuccessful end of mediation, within which a Party must bring arbitration. If arbitration is not brought by 5:00 p.m. (in the time zone in which our then-current headquarters is located) within the 90 days after mediation ends, then the right to bring arbitration expires, and the Parties will have no other opportunity to try, arbitrate, or receive any other relief because of the action, matter, dispute, or disagreement underlying the Claim.

b. Notwithstanding the preceding, if any federal or state law provides for a shorter limitation period than is described in this Section 16.8, then the shorter period will govern.

c. This Article will not apply to issues of indemnification under Article 14, and such actions under Article 14 may be brought within any limitation-of-action statute under the laws of the state where our headquarters is then located.

Initials of Franchisee

Initials of Franchisee

Initials of Franchisor

16.9 Survival of Obligations and Other Parties

a. Each provision of this Article 16 is self-executing and continues in full force and effect after and notwithstanding the Transfer, expiration, termination, rescission, or finding of unenforceability of this Franchise Agreement or any part of it.

b. This Article 16 is for the benefit of and is enforceable by all Parties' successors and assigns.

ARTICLE 17

INSURANCE

17.1 Required Insurance Coverage

a. Before opening your Soma Massage Therapy Studio and annually after that, you will purchase and maintain in full force during each Term an insurance policy or policies protecting you and us and the officers, directors, partners, and employees of both you and us against any loss, liability, personal injury, death, product, and food liability, property damage, loss, or expense arising or occurring upon or in connection with the operation of your Soma Massage Therapy Studio.

b. On all policies obtained by you, we and our officers, directors, members, partners, and employees will be named as additional insureds using the latest version of ISO endorsement CG 2010 or the combination of the latest version of ISO endorsements CG 20 29 04 13, CG 2033 and CG 2037 (or their combined equivalent that affords us the broadest additional-insured coverage to us) or such other endorsements that provide the additional insureds the most inclusive protection and coverage. Such coverage will also contain a provision that we, although named as additional insureds, will nevertheless be entitled to recover under said policies on any loss occasioned to us by reason of your or your servants',

agents', or employees' negligence. The coverage afforded to the additional insureds must be written on a primary basis and will not require or contemplate contribution by any other policy or policies obtained by or available to an additional insured.

c. Before opening your Soma Massage Therapy Studio and at least 30 days after the renewal of each such policy, you will deliver to us the actual policy or policies of insurance or endorsements issued by the insurer (and not the broker) evidencing the proper coverage with limits not less than those required hereunder.

d. All policies will expressly provide that we will be given no less than 30 days' prior written notice if a material alteration to, termination of, non-renewal, or cancellation of the coverage under each policy.

e. You will obtain the following coverage:

i. Commercial General Liability insurance, including coverage for completed operations, contractual liability, personal and advertising injury, premises liability, premises-rented coverage, product liability, fire damage including fire damage legal liability of not less than \$300,000, and medical expenses with a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

ii. Excess Liability Umbrella coverage for general liability of not less than \$1,000,000 per occurrence and \$1,000,000 in the aggregate. All such coverage will be on a per-occurrence basis.

iii. Worker's Compensation Insurance as required by state law, plus Employer's Liability coverage of not less than \$1,000,000 per accident and \$1,000,000 for each employee.

iv. Employment Practices Liability coverage of no less than \$1,000,000 per claim, which coverage must include first- and third-party coverage plus wage and hour defense with a sub-limit of not less than \$25,000 and joint-employer co-defense language for the franchisor.

v. Business Income and Extra Expense coverage of at least 12 months' income replacement, plus business personal property and tenant improvements and betterments coverage at full replacement cost with the "**Special Causes of Loss**" form included.

vi. Comprehensive crime and blanket employee dishonesty insurance of not less than \$5,000.

vii. Professional Liability Insurance for you and all personnel that provide Services to Clients covering professional negligence, bodily injury, legal defense costs, coverage for judgments and misrepresentations with an "**additional insured**" or "**co-defendant**" endorsement in our name with coverage of at least \$1,000,000 per claim and \$2,000,000 in the aggregate.

viii. Sexual Abuse and Molestation (**SAM**) coverage of at least \$500,000 for each incident and \$1,000,000 aggregate, with an additional insured or co-defendant endorsement in our name.

ix. To the extent that it is not included in any of the above policies, you must also have insurance covering alleged violations of the Health Insurance Portability and Accountability Act (**HIPAA**) for not less than \$250,000 per occurrence and \$500,000 in the aggregate.

f. Such policy or policies will be written by an insurance company rated “A-, VII” or better, by Best Insurance Ratings Service and satisfactory to us per standards and specifications outlined in the Operations Manuals or otherwise in writing, from time to time, and will include, at a minimum (except as additional coverage and higher policy limits may be specified by us from time to time) the coverage found above.

g. If you fail to carry the insurance we require, we retain the right, but not the obligation, to purchase the same in your name, in which case you will reimburse us for the cost and will also pay an administrative fee of the greater of 15% of the premiums paid or \$1,500. You are not relieved of any liability or other obligations assumed under this Franchise Agreement because you fail to obtain or maintain insurance in sufficient amounts, duration, or types.

h. All policies must provide waivers of subrogation in our favor.

i. Although we require certain insurance coverage and may recommend other policies, we do not guarantee that the required or recommended insurance will be adequate to protect you, your employees, or your assets fully. You should consult with an insurance professional to determine what insurance coverage may be needed for you and your Soma Massage Therapy Studio in addition to the minimum required insurance coverage.

17.2 No Limitations on Coverage and Primacy

a. Your obligation to obtain and maintain insurance policies in the specified amounts will not be limited because of any insurance we may maintain, nor will your performance of these obligations relieve you of liability under the indemnity provisions of this Franchise Agreement.

b. All liability, property damage, and motor vehicle liability policies must provide that your insurance coverage is primary to any coverage we maintain. We will be entitled to recover under your policies for any loss we sustain for whatever reason.

17.3 Franchisor May Procure Insurance Coverage

Should you, for any reason, fail to procure or maintain the insurance required by this Franchise Agreement as described from time to time by the Operations Manuals or otherwise in writing, we have the right and authority (but no obligation) to procure such insurance and to charge the same to you, which charges, together with a reasonable administrative fee of the greater of 15% of the premiums paid or \$1,500 will be immediately payable to us.

17.4 Destruction of Premises

a. If the building in which your Soma Massage Therapy Studio is located is damaged or destroyed by fire or another casualty and it is to be repaired or reconstructed, you will commence the required repair or reconstruction as soon as is practicable and will complete all required repair or reconstruction as soon as possible after that, in continuity, but in no event later than 180 days from the date of such casualty. The restored building’s minimum acceptable appearance will be that which existed just before the casualty. Every effort should be made to have the restored building include the then-current image, design, and specifications for a new Soma Massage Therapy Studios.

b. If the building is substantially destroyed by fire or another casualty and the repairs cannot be made within the 180 days, and if the landlord (or mortgagee if applicable) will permit you to terminate the lease (or satisfy the mortgage without rebuilding), you may apply to us for the right to terminate this

Franchise Agreement. If we agree to grant the termination after using our Reasonable Business Judgment, upon payment to us of an amount equal to 25% of all insurance proceeds available because of such casualty, this Franchise Agreement will terminate. Nothing in this Franchise Agreement will be deemed a guarantee that we, a landlord or mortgagee, will permit termination. The grant of termination by one such entity will not guarantee the termination of this Franchise Agreement, a lease, or mortgage by any other such entity.

ARTICLE 18

ADDITIONAL PROVISIONS

18.1 Entire Agreement – Merger

a. This Franchise Agreement, including all exhibits and addenda, contains the entire agreement between the Parties regarding your Soma Massage Therapy Studio and supersedes all prior oral, written, express, or implied agreements concerning your Soma Massage Therapy Studio. All prior oral and written negotiations, understandings, agreements, and representations are merged into this Franchise Agreement.

b. Unless stated in Item 19 of the FDD, we do not authorize and will not be bound by any representation of any nature other than those expressed in this Franchise Agreement.

c. Nothing in this Franchise Agreement or in any related agreement you sign with us is intended to disclaim any representations in the FDD.

18.2 Modification, Powers of Attorney, and Approvals

a. This Franchise Agreement may only be modified in a written agreement signed by all Parties.

b. You acknowledge that we may modify by an amendment to the Operations Manuals or by written notice to you our standards, specifications, and operating and marketing procedures, including those outlined in the Operations Manuals, any component of the System, the Marks, and any copyrighted or Proprietary Information, unilaterally, under any conditions and to the extent to which we, at our sole discretion, deem necessary to protect, promote or improve the Marks and the quality of the System in general. Once you are notified, you must make the specified change. All such changes will be effective when you receive notice. We reserve the right to add and remove vendors at any time.

c. If you grant us a power of attorney under this Franchise Agreement, and to the extent that a specific form is required in your state to ensure enforceability, you agree to execute a separate power of attorney in the form required to meet all legal requirements.

d. Subject to state law to the contrary, whenever this Franchise Agreement requires our approval, you must make a timely written request for approval, and our decision must be in writing in order to bind us. Except as otherwise expressly provided in this Franchise Agreement, if we fail to approve any request for approval within the required time, we shall be deemed to have denied your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. Except where this Franchise Agreement states that we may not unreasonably withhold our approval or consent, we may withhold such approval or consent at our sole discretion.

18.3 Delegation

From time to time, we have the right to and will delegate the performance of any portion or all of our obligations and duties hereunder to a third party whom we approve to deliver such services and perform such duties, whether the same are agents of ours or independent contractors with whom we have contracted to provide such services. You agree in advance to any such delegation by us of any portion or all of its obligations and duties hereunder.

18.4 Review of Agreement

You acknowledge that you had a copy of the FDD in your possession for not less than 14 calendar days before the Effective Date, during which time you had the opportunity to submit the same for professional review and advice by Persons of your choosing.

18.5 No Waiver

A waiver by a Party of any term, covenant, or condition contained in this Franchise Agreement is not a waiver in the future of the enforcement of such term, covenant, or condition, and the failure of a Party to exercise a right or remedy granted to it under this Franchise Agreement will not constitute or imply a further waiver by a Party of enforcement of the same or any other condition, covenant, right, or remedy. Further, no custom, usage, concession, or practice on the part of a Party that varies from the literal terms of this Franchise Agreement will preclude at any time the strict enforcement of this Agreement under its terms.

18.6 No Right to Set Off or Third-Party Beneficiaries

a. You will not set off against amounts owed to us against any amount owed to you, and in any event, you will not withhold such amounts due to us because of any alleged nonperformance by us, which right of set-off you expressly waive.

b. Unless otherwise stated in this Franchise Agreement, all of our obligations under this Franchise Agreement are solely and exclusively for your benefit, and no other Person is entitled to rely on, enforce, benefit from, be deemed to be a third-party beneficiary, or otherwise obtain relief either directly or by subrogation.

18.7 Invalidity

If any provision of this Franchise Agreement is held invalid by an arbitrator or court of competent jurisdiction, such provision will be modified to the least extent possible to eliminate the invalid element, and as so modified, the provision will be part of this Franchise Agreement as though originally included. The remaining provisions of this Franchise Agreement will not be affected by such modification. If any provision cannot be modified, it will be stricken, and the rest of the Franchise Agreement will remain in full force and effect.

18.8 Notices

a. All notices relating to any breach of this Franchise Agreement (including those under Articles 6, 10, and 15) and all notices concerning the implementation of the alternative dispute resolution procedures must be given in writing and must be delivered by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt, or by hand delivery, at the address, either Party may designate from time to time and will be effective five days after being sent by certified mail with the proper postage and address or when received for (or when refused) if sent by overnight or hand delivery.

b. Communication relating to a matter other than a breach of this Franchise Agreement or the implementation of alternative dispute resolution may be given by email, which is effective when sent to the other Party at the correct email address or by the means stated in this Section.

18.9 Survival of Provisions and Independent Covenants

a. Any term, covenant, or condition of this Franchise Agreement that by its terms must extend beyond a Transfer or the termination or expiration of this Franchise Agreement to remain enforceable will continue in full force and effect after and notwithstanding a Transfer or the termination or expiration of this Franchise Agreement.

b. The Parties agree that each covenant herein will be construed to be independent of any other covenant or provision of this Franchise Agreement.

18.10 Force Majeure

Except for a Party's monetary obligations, which are due regardless of the language of this Section, and unless otherwise specifically stated in this Franchise Agreement, Force Majeure applies.

18.11 Time is of the Essence and Construction

a. In all matters concerning this Franchise Agreement, time is of the essence.

b. The headings are for the reader's convenience only and are not intended to be inclusive or exclusive of any term, covenant, or condition.

c. In reading this Franchise Agreement, the singular includes the plural, and the reference to one gender includes the reference to the other gender and the neutral gender.

d. The word "**including**" means "**including without limitation,**" so that the greatest coverage or inclusion is included in the statement. The words "**and**" and "**or**" will be inclusive where necessary to mean "**and/or.**"

e. Unless otherwise stated, a reference to "**days**" means calendar days. The counting of days will include weekends and all state and national holidays. If a notice is to be delivered and such notice requires the counting of days, such counting will begin on the first calendar day following the day that the notice was received, refused, or deemed to have been delivered according to the terms of this Franchise Agreement.

f. The Parties have reviewed this Franchise Agreement, and to fairly accomplish the purposes and intentions of the Parties, it will be construed and interpreted according to the ordinary meaning of the words used. The Parties intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision will be given the meaning that renders it enforceable.

18.12 Guaranty

If you take ownership of the franchise other than as a natural person on the Effective Date or during a Term, you and all equity owners will be required to personally sign the Guaranty attached as Exhibit 3. The Guarantors will be bound by all covenants of this Franchise Agreement, including all covenants of payment and performance and those in Articles 6 and 15.

18.13 Acknowledgement

BEFORE SIGNING THIS FRANCHISE AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL. YOU ACKNOWLEDGE THAT:

a. **THE SUCCESS OF YOUR SOMA MASSAGE THERAPY STUDIO INVOLVES SUBSTANTIAL RISKS AND DEPENDS IN LARGE PART ON YOUR ABILITY AS AN INDEPENDENT BUSINESSPERSON AND YOUR ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF YOUR SOMA MASSAGE THERAPY STUDIO.**

b. **YOU UNDERSTAND THAT THE CREATION AND OPERATION OF A NEW BUSINESS INVOLVES MANY RISKS, WHICH MEANS THAT IF YOU ARE NEVER ABLE TO OPERATE THE BUSINESS PROFITABLY, YOU COULD LOSE PART OR ALL OF YOUR INVESTMENT, PLUS ANY ADDITIONAL FUNDS THAT YOU CONTRIBUTE TO THE BUSINESS.**

18.14 Recitals, State Specific Amendment, Closing Acknowledgement, Signatures, and SBA

a. The Recitals are made part of this Franchise Agreement. The headings are for the reader’s convenience only and are not intended to be inclusive or exclusive of any term, covenant, or condition.

b. In some cases, the state where you are located may require this Franchise Agreement to be amended. Please see Exhibit 7 to find out if there is an amendment that affects your state.

c. You will review and sign the Closing Acknowledgment attached as Exhibit 9.

d. This Franchise Agreement may be signed in any number of counterparts, all of which taken together form one original document. Signatures may be done electronically or manually. By signing electronically, the Parties acknowledge that the other Party or Parties to this Franchise Agreement can rely on a digital signature as the respective Party’s signature. Facsimile or electronically signed and delivered documents are as effective as an original.

e. We are a registered franchisor with the SBA. If you are getting a loan guaranteed by the Small Business Administration, you may be required to sign an SBA Addendum. A form of such addendum is found at Exhibit 8. This may not be the most recent version, and the final version will be determined by the Small Business Administration or the financial institution whose loan is being guaranteed.

DONE AS OF THE EFFECTIVE DATE.

FRANCHISOR

FRANCHISEE

B-WELL ENTERPRISES, LLC

by: _____
its: _____
Date: _____

by: _____
its: _____
date: _____

INDIVIDUAL FRANCHISEES

by: _____
date: _____

by: _____
date: _____

EXHIBIT 1
IFF AND STATEMENT OF OWNERSHIP

IFF AND STATEMENT OF OWNERSHIP

IFF: \$ _____

STATEMENT OF OWNERSHIP

Franchisee: _____

Trade Name (if different from above): _____

Form of Ownership (check one):

____ Individual ____ Partnership ____ Corporation ____ Limited liability company

If you are a partnership, provide each partner's name and address showing the percentage owned, whether active in management, and indicate the state where the partnership was formed.

If you are a limited liability company, provide below the name and address of each equity interest holder, Member, and Manager, showing the percentage owned and the state where the limited liability company was formed.

If you are a corporation, state the state and date of incorporation, provide each officer and director's name and address below, and list all shareholders' names and addresses, showing what percentage of stock each owns.

The Franchisee acknowledges that this Statement of Ownership applies to the Soma Massage Therapy Studio authorized under this Franchise Agreement.

Use additional sheets if necessary. Any changes to the above information must be reported to the Franchisor in writing.

FRANCHISOR

B-WELL ENTERPRISES, LLC

by: _____
its: _____
date: _____

FRANCHISEE

its: _____
date: _____

INDIVIDUAL FRANCHISEES

by: _____
date: _____

by: _____
date: _____

EXHIBIT 2
DESIGNATED AREA, FRANCHISED LOCATION, AND PROTECTED TERRITORY

DESIGNATED AREA, FRANCHISED LOCATION, AND PROTECTED TERRITORY

The Designated Area is: _____

The Franchised Location is: _____

The Protected Territory is: _____

**EXHIBIT 3
GUARANTY**

GUARANTY OF FRANCHISEE'S OBLIGATIONS

This Guaranty Of Franchisee's Obligations (**Guaranty**) is entered into as of the date that one or more of the Guarantors sign it (**Effective Date**) between B-WELL ENTERPRISES, LLC (**Franchisor**), _____ (**Franchisee**), and _____ and _____ (herein jointly and severally known as "**Guarantors**"). Franchisor, Franchisee, and Guarantors may be referred to as a "**Party**" or jointly as the "**Parties**." Any capitalized term not defined here will have the meaning given in the Franchise Agreement.

RECITALS

Franchisee signed a B-Well Enterprises, LLC Franchise Agreement with Franchisor on the ____ day of _____, 20__ (**Franchise Agreement**). As an inducement to Franchisor to grant franchise rights to Franchisee, Guarantors agreed to guarantee Franchisee's performance under the Franchise Agreement.

NOW, THEREFORE, for and in consideration of Guarantors agreeing to the terms of this Guaranty to induce Franchisor to grant Franchisee the rights under the Franchise Agreement, the mutual covenants found herein, and for other good and valuable consideration, which consideration is deemed to be adequate by all parties, each of the undersigned personally and unconditionally agree to the following:

1. Guarantors guarantee for the term of the Franchise Agreement, including any amendments or renewals, that Franchisee will timely pay any amount required by the Franchise Agreement and will perform every undertaking, agreement, and covenant outlined in the Franchise Agreement and any addenda or exhibits as each may be amended or renewed.

2. Guarantors agree to be personally bound by every term of the Franchise Agreement, as amended or renewed, and agree to be personally liable for the breach of and cure of every breach of any term, covenant, or condition of the Franchise Agreement. Guarantors agree that this Guaranty is one of payment and performance, not just collection.

3. By signing this Guaranty, Guarantors agree that each will also be subject to all covenants in the Franchise Agreement, including all covenants of Articles 6, 14, 15, and 16 and those that by their terms survive the Transfer, expiration, or termination of the Franchise Agreement.

4. As part of the consideration given to Franchisor by Guarantors to allow Franchisee to enter into the Franchise Agreement, Guarantors further agree to waive the following:

- a. Acceptance and notice of acceptance of the preceding undertaking.
- b. Notice of demand for payment of any indebtedness or notice of any nonperformance of any obligations.
- c. Protest and notice of default concerning the indebtedness or nonperformance of any obligations guaranteed.
- d. Any right Guarantors may have to require that any action be first brought against Franchisee or any other Person or entity as a condition of liability.
- e. Any other notices and legal or equitable defenses to which Guarantors may be entitled.

5. Guarantors further consent and agree that:

a. Guarantors are directly and immediately liable under this Guaranty, and if signed by more than one person or entity, such liability is joint and several.

b. Guarantors will render any payment or performance required under the Franchise Agreement upon demand of Franchisor if Franchisee fails or refuses punctually to do so.

c. Guarantors' performance is not contingent or conditioned upon the pursuit of any remedies against Franchisee or any other person or entity.

d. Guarantors' liability is not diminished, relieved, or otherwise affected by an extension of time, credit, or another indulgence, including the acceptance of any partial payment or performance or the compromise or release of any claims which Franchisor may from time to time grant to Franchisee or any other person or entity, none of which will in any way modify or amend this Guaranty.

e. This Guaranty will be continuing and irrevocable during the term of the Franchise Agreement, including renewals thereof.

g. Franchisor's rights under this Guaranty will not be exhausted by any Franchisor action until all of the terms, covenants, and conditions of the Franchise Agreement have been met.

6. Guarantors waive all of the following, whether created or imposed by or under a statute, common law, or otherwise:

a. Any right to require Franchisor to proceed against Franchisee, any other person or entity, or any security now or hereafter held by Franchisor or to pursue any other remedy whatsoever.

b. Any defense based upon any legal disability of Franchisee or any Guarantor, or any discharge or limitation of the liability of Franchisee or any Guarantor to Franchisor, or any restraint or stay applicable to actions against Franchisee or any other Guarantor, whether such disability, discharge, limitation, restraint, or stay is consensual, by order of a court or other governmental authority, arising by operation of law or any liquidation, reorganization, receivership, bankruptcy, insolvency, or debtor-relief proceeding, or from any other cause.

c. All setoffs, counterclaims, presentment, demand, protest, or notice of any kind, except for any notice which the provisions of this Guaranty may expressly require.

d. Any defense based upon the modification, renewal, extension, or other alteration of the obligations under the Franchise Agreement.

e. Any defense based upon the negligence of Franchisor, including the failure to file a claim in any bankruptcy of Franchisee or any Guarantor.

f. All rights of subrogation, reimbursement, and indemnity.

g. Any defense based upon or related to Guarantors' lack of knowledge as to Franchisee's financial condition.

h. Any rights to revoke this Guaranty in whole or in part.

i. Any defense based upon any action taken or omitted by Franchisor in any bankruptcy or other insolvency proceeding involving Franchisee; and

j. All rights and defenses arising from an election of Franchisor's remedies, even though that election of remedies impairs or destroys the Guarantors' right of subrogation and reimbursement against Franchisee.

k. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GUARANTORS FURTHER WAIVE AND RELEASE FRANCHISOR FROM THE ENFORCEMENT OF ANY PROVISIONS OF APPLICABLE LAW (INCLUDING, FOR EXAMPLE, COLORADO REVISED STATUTE § 13-50-103), WHICH PROVIDES, IN PART, THAT IF ONE OR MORE JOINT DEBTORS, FRANCHISEES OR GUARANTORS ARE RELEASED OF LIABILITY, NONE OF THE REMAINING DEBTORS, FRANCHISEES OR GUARANTORS WILL BE LIABLE FOR MORE THAN THEIR PROPORTIONATE SHARE OF THE INDEBTEDNESS. AS A RESULT, EACH GUARANTOR COVENANTS AND AGREES THAT EACH WILL BE LIABLE JOINTLY AND SEVERALLY FOR THE ENTIRE AMOUNT DUE, REGARDLESS OF THE AMOUNT OF THE CONTRIBUTION MADE BY, OR FAILURE OF ANOTHER GUARANTOR TO CONTRIBUTE ANY AMOUNT.

7. Guarantors agree to pay upon Franchisor's demand, Franchisor's reasonable out-of-pocket costs and expenses, including attorneys' fees, costs, and disbursements, incurred to collect or enforce any of the terms, covenants, or conditions of the Franchise Agreement or this Guaranty, regardless of whether any lawsuit is filed.

8. Guarantors individually make the following representations and warranties, which are deemed to be continuing representations and warranties until payment and performance in full of the Franchise Agreement:

a. Guarantor has all the requisite power and authority to execute, deliver, and be legally bound by this Guaranty on the terms and conditions herein stated.

b. This Guaranty constitutes the legal, valid, and binding obligations of Guarantor and is enforceable against Guarantor.

c. The execution and delivery of this Guaranty will not, with or without notice or lapse of time (i) constitute a breach of any of the terms and provisions of any oral or written note, contract, document, agreement, or undertaking to which Guarantor is a party or to which Guarantor's property is subject, (ii) accelerate or constitute an event entitling the holder of any indebtedness of Guarantor to accelerate the maturity of any such indebtedness, (iii) conflict with or result in a breach of any writ, order, injunction, or decree against Guarantor of any court, governmental agency, or instrumentality or (iv) conflict with or be prohibited by any federal, state, local or other governmental law, statute, rule, or regulation.

d. No consent of any other person is required in connection with the valid execution, delivery, or performance by Guarantor of this Guaranty.

e. This Guaranty and any other statement furnished by Guarantor contain no untrue statements of a material fact or omissions of a material fact necessary to make the statements true and not misleading.

9. Each Guarantor understands and agrees that each is bound by the dispute resolution covenants of the Franchise Agreement found in Article 16, which are incorporated herein by this reference as if fully set forth here.

10. The Recitals are incorporated herein by this reference.

DONE AS OF THE EFFECTIVE DATE.

FRANCHISOR

B-WELL ENTERPRISES, LLC

by: _____
its: _____
date: _____

FRANCHISEE

by: _____
its: _____
date: _____

GUARANTORS

Signature: _____
Print Name: _____
date: _____

Signature: _____
Print Name: _____
date: _____

EXHIBIT 4
COLLATERAL ASSIGNMENT OF LEASE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

This Collateral Assignment Of Lease (**Assignment**) is made this ____ day of ____, 20__, by and between B-WELL ENTERPRISES, LLC (**Franchisor**), _____ (**Franchisee**), and _____ (**Landlord**) regarding the B-Well Enterprises, LLC franchised business (**Soma Massage Therapy Studio**) located at _____ (**Franchised Location**).

RECITALS

Franchisor and Franchisee executed a B-Well Enterprises, LLC Franchise Agreement on _____, 20__ under the terms of which Franchisee obtained a franchise from Franchisor to operate the Soma Massage Therapy Studio at the Franchised Location. Franchisee and Landlord entered into a lease (**Lease**) on _____, 20__, a fully executed copy of which is attached hereto as Exhibit A. The parties desire to enter into this Assignment to define the rights of the Franchisor to the Franchise Location and agree as follows:

NOW, THEREFORE, for and in consideration of the covenants found in the Franchise Agreement and for other good and valuable consideration, the adequacy of which is admitted by all parties hereto, it is agreed as follows:

1. Franchisee assigns, transfers, and conveys to Franchisor all of Franchisee's right, title, and interest in the Lease. However, this Assignment is for collateral purposes and is effective only upon the Franchisor's exercise of any option granted to the Franchisor under this Assignment after the occurrence of any of the following events:

a. If Franchisee is in breach of their performance of any of the terms of the Lease unless such default is cured within the period required in the Lease or within 30 days following the written demand given to the Franchisor, whichever is later.

b. If Franchisee is in breach of their performance of any of the terms of the Franchise Agreement or upon the occurrence of any acts that result in termination of the Franchise Agreement.

c. If Franchisee has failed or has elected not to exercise an option to renew or extend the Lease within the time specified in the Lease after being directed in writing by Franchisor to do so.

d. Upon Franchisee's sale of a substantial portion of its assets of the Soma Massage Therapy Studio outside of the normal course of business, the transfer or sale of 20% or more of the capital stock, memberships, or other equity or capital interest in any Franchisee business entity, or any other voluntary or involuntary transfer, sale, or disposition the result of which is to divest Franchisee of direction or control over the franchise.

e. If Franchisee fails to (or is disallowed to) renew the Franchise Agreement.

2. Upon the occurrence of any of the events stated above, and if Franchisee fails to perform such acts as may be necessary to assign the Lease to Franchisor, Franchisee irrevocably appoints Franchisor as its true and lawful attorney-in-fact coupled with an interest in exercising such extension or renewal options in the name, place, and stead of Franchisee for the sole purpose of effecting such assignment so that Franchisor can cure Franchisee's failure to perform under Section 1 above.

3. Franchisor has no liability or obligation of any kind whatsoever arising in connection with this Assignment or the Lease unless Franchisor takes possession of the Franchise Location under the terms hereof and expressly agrees in writing to assume the obligations of Franchisee.

4. Landlord consents to this Assignment, which consent will remain in effect during the entire term of the Lease and all renewals or extensions thereof, and agrees that the Lease will not be amended, modified, assigned, extended, surrendered, terminated, or renewed, nor will the Franchised Location be sublet by Franchisee, without the prior written consent of Franchisor.

5. Landlord agrees that it will provide written notice to Franchisor (at the same time it gives such notice to Franchisee) of any default by Franchisee under the Lease. Such notice must be delivered to Franchisor within an additional 15 days after the cure period under the Lease has run within which to cure. At Franchisor's sole option, upon the curing of such default, Franchisor will have the right to enter the Franchised Location and assume Franchisee's rights under the Lease.

6. At any time during (i) the cure period described in the Lease, (ii) any cure period provided for in the Franchise Agreement, (iii) the 30 calendar day period following the termination of the Lease by the Landlord or termination of the Franchise Agreement by Franchisor, (iv) or during the 30 calendar day period following Franchisee's failure to extend or renew the Lease or Franchise Agreement, Franchisor may exercise the option granted herein by the delivery to Landlord of written notice expressly stating that Franchisor will assume the Lease. Such notice makes this Assignment unconditional, and the Landlord and Franchisor will prepare such commercially reasonable documentation evidencing such assignment.

7. With the prior written consent of the Landlord (which consent will not be unreasonably withheld, conditioned, or delayed), the Franchisor has the right, concurrently with or after the Franchisor takes possession, to assign and transfer its rights under this Assignment to a new franchisee selected by Franchisor to operate the Soma Massage Therapy Studio, provided that the new franchisee has the business acumen, credit rating, and net worth adequate for the operation of the Soma Massage Therapy Studio. In such an event, the new franchisee will have this Assignment transferred to such franchisee (or will receive a separate assignment from the Landlord) and assume the Lease obligations in place of Franchisor. Further, in this event, the Franchisor will be released from liability under the Lease from and after the date such new franchisee assumes the Lease.

8. Upon the exercise by Franchisor of the option granted to it, Franchisee will no longer be entitled to the use or occupancy of the Franchised Location, and all of Franchisee's prior rights in and to the Lease will have been, in all respects, assigned to Franchisor or its assignee, and Franchisee will immediately vacate the Franchised Location. If Franchisee fails or refuses to take any of these actions, Franchisor, by and through Landlord and at Franchisor's expense, may expel Franchisee from the Franchised Location and enter the Franchised Location to take possession of the Franchised Location, all without being deemed to have elected any remedies to the exclusion of any other remedies.

9. Franchisee agrees to indemnify and hold Landlord and Franchisor harmless from and against all direct and indirect losses, costs, expenses (including attorneys' fees), damages, claims, and liabilities, however caused, arising from, or concerning the Franchisor or Landlord of the rights and remedies granted under this Assignment.

10. Additional Provisions

a. The remedies granted in this Assignment are cumulative, and in addition to and not in substitution of any or all other remedies available under the Franchise Agreement, any other contracts

between Franchisor and Franchisee, or at law or in equity to Franchisor, and Franchisee agrees that the Franchisor's of the option granted herein will not divest it of any other rights or remedies it may have.

b. All notices, requests, demands, payments, consents, and other communications hereunder will be transmitted in writing and will be deemed to have been duly given three days after being sent by registered or certified United States mail, postage prepaid, to addresses supplied by each party from time to time; on the day that hand delivery has been made, or on the day that a nationally recognized overnight delivery service delivers such notice. Any Party may change its address by giving the other Parties written notice of the same.

c. Franchisee and Landlord recognize the unique value and secondary meaning attached to Franchisor's trademark, trade names, service marks, symbols, and logo designs, and the Franchised Location displaying the same, and agree that any non-compliance with the terms of this Assignment will cause irreparable damage to Franchisor and its franchisees. Therefore, Franchisee and Landlord agree that in the event of any non-compliance with the terms of this Assignment, Franchisor will be entitled to seek injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by law.

d. The parties to this Assignment agree to execute such other documents and perform such further acts as may be necessary or desirable to carry out the purposes of this Assignment.

e. This Assignment is binding upon and inures to the benefit of each party and their heirs, successors, and assigns.

f. This Assignment represents the entire understanding between the parties as to the subject matter herein and supersedes all other oral or written negotiations, agreements, representations, and covenants. This Assignment can be modified only in writing, signed, and dated by all parties.

g. Failure by any party to enforce any rights, duties, or obligations under this Assignment will not be construed as a waiver to enforce any right, duty, or obligation in the future. Any waiver, including waiver of default, in any one instance will not constitute a continuing waiver or a waiver in any other instance.

h. As used herein, a reference to one gender will include the other or the neuter gender, the singular will include the plural, and the plural, the singular.

i. If any party commences an action against any other party arising out of or in connection with this Assignment, the prevailing party will be awarded its reasonable attorneys' fees and costs of the suit. For this Assignment, the prevailing party is the party that has prevailed on a majority of the material issues brought before the court.

j. This Assignment (but not the Franchise Agreement) will be governed by and construed following the internal laws of the state where the real property is located.

k. Any provision of this Assignment that is determined to be prohibited or unenforceable may, as to that jurisdiction only, be stricken without invalidating the remaining provisions of this Assignment. Any prohibition against or unenforceability of any provisions of this Assignment in any jurisdiction, including the state whose laws govern this Assignment, will not invalidate the provision or render it unenforceable in any other jurisdiction.

[SIGNATURE PAGE FOLLOWS]

DONE AS OF THE DATES BELOW.

FRANCHISOR

B-WELL ENTERPRISES, LLC

by: _____
its: _____
date: _____

LANDLORD

by: _____
its: _____
date: _____

FRANCHISEE

by: _____
its: _____
date: _____

INDIVIDUAL FRANCHISEES

by: _____
date: _____

by: _____
date: _____

EXHIBIT 1 LEASE

EXHIBIT 5
COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION

COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION

This COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION (**Assignment**) is made as of the date that this Assignment is signed by all Parties (**Effective Date**) between B-Well Enterprises, LLC (**Franchisor**) and _____ (**Franchisee**). Franchisor and Franchisee may be referred to as a “**Party**” or as the “**Parties**.”

RECITALS

The Parties executed a B-Well Enterprises, LLC Franchise Agreement (**Franchise Agreement**) on _____, 20__, in which Franchisee agreed that upon the transfer, expiration, or earlier termination of the Franchise Agreement, Franchisor will have the right, title, and interest in and to all contact and electronic information relating to Franchisee’s Soma Massage Therapy Studio.

NOW, THEREFORE, for and in consideration of the covenants found in the Franchise Agreement and for other good and valuable consideration, the adequacy of which is admitted by all parties hereto, it is agreed as follows:

1. Franchisee acknowledges that as between Franchisor, Franchisee, the public, and any other person or entity, Franchisor has the sole rights to and interest in all telephone, telecopy or facsimile machine numbers, directory listings, URLs, web page identifiers, blogs, vlogs, email addresses, and social network addresses (including Twitter® and Meta™), that are associated with any Mark or the Franchisee and Franchisee specifically assigns to Franchisor all of Franchisee’s right, title, and interest to the same.

2. To the extent necessary to enforce this Assignment, Franchisee appoints Franchisor and any of its officers as Franchisee’s attorney-in-fact (coupled with an interest) to direct the telephone company, all telephone directory publishers, any electronic transfer agency, any URL or webpage host, and any other electronic business, company, transfer agent, host, webmaster, and the like to transfer to Franchisor all telephone, facsimile machine numbers, and directory listings, and all electronic listings, web pages, social network pages or identities (including Twitter® and Meta™), URLs, blogs, vlogs, email addresses, and the like that are owned by Franchisee or that relate to Franchisee’s franchised business, and any party named herein may accept such direction under this Assignment as conclusive of Franchisor’s exclusive rights in and to such information, site, URL, electronic media, telephone numbers, directory listings, and the like and Franchisor’s authority to direct their transfer. To the extent that any person or entity identified above (or the law of the state in which such person or entity is located) requires special language to enforce the Franchisor’s rights as the attorney-in-fact or requires a special form, Franchisee will execute such additional form or will add such language to this Assignment.

3. This Assignment is only effective when the Franchise Agreement expires, is terminated, or when Franchisee has transferred any interest, and then only if Franchisee fails or refuses to make the necessary assignments as contemplated by this Assignment.

4. The Recitals are incorporated into this Assignment by this reference.

[SIGNATURE PAGE FOLLOWS]

DONE AS OF THE EFFECTIVE DATE.

FRANCHISOR

B-WELL ENTERPRISES, LLC

by: _____
its: _____
date: _____

FRANCHISEE

by: _____
its: _____
date: _____

INDIVIDUAL FRANCHISEES

by: _____
date: _____

by: _____
date: _____

EXHIBIT 6
GENERAL RELEASE

GENERAL RELEASE

This General Release (**Release**) is made on the date that it is signed by the Parties (**Effective Date**) between B-Well Enterprises, LLC (**Franchisor**) and _____ (**Franchisee**), and _____ and _____ (jointly and severally, the "**Guarantors**"). Franchisor, Franchisee, and Guarantors may sometimes be referred to as a "**Party**" or jointly as the "**Parties**." Any capitalized term not defined here will have the meaning given to it in the Franchise Agreement

RECITALS

Franchisor and Franchisee entered into that certain B-Well Enterprises; LLC Franchise Agreement dated _____ (**Franchise Agreement**) for which Guarantors have agreed to guarantee the performance of Franchisee under the Franchise Agreement.

Franchisee desires to take some action (or make some amendment) to the Franchise Agreement or desires for Franchisor to take any action for which a general release is called for in the Franchise Agreement or is required by Franchisor as part of such action and as a material inducement to Franchisor approving the same, Franchisee and Guarantors have each agreed to provide this Release;

NOW, THEREFORE, for and in consideration of the mutual covenants found herein, for that consideration stated below, and for other good and valuable consideration, the adequacy of which is admitted by all parties hereto, it is agreed as follows:

1. Franchisee, for and on behalf of itself, its officers, directors, shareholders, and employees, and on behalf of any parent corporation or subsidiary, business entity, successor, assignee, and their officers, directors, shareholders, and employees (**Franchisee Parties**) and Guarantors for themselves and for and on behalf of their family members and for and in consideration of Franchisor granting to Franchisee the right to do the following: _____, and for other good and valuable consideration, all of which is deemed adequate by all Parties hereto, do each (personally, jointly, and severally) from the beginning of time to the Effective Date release, indemnify, and forever forgive and discharge Franchisor and Franchisor’s officers, directors, shareholders, agents, and employees (**Franchisor Parties**), from any and all equitable or legal claims, claims sounding in federal law or state statute, causes of action, complaints, direct, indirect, punitive, or consequential damages, judgments, business losses, awards, injury, or any other right or action that relate in any way to (i) the manner and method by which Franchisor delivered Franchisor’s franchise disclosure document to Franchisee and Guarantors, (ii) the content or lack of content of the franchise disclosure document (as such content may have been required by any applicable state or federal law), (iii) the performance or failure of performance of Franchisor or Franchisor Parties in reference to any required federal or state disclosure obligations, (iv) any oral, written, express, or implied promises, statements, disclosures, and the like relating in any way to the Franchise Agreement or the franchise relationship between Franchisor and Franchisor Parties, Franchisee, Guarantors, and Franchisee Parties, (v) the performance or the failure to perform of Franchisor or any Franchisor Party under the Franchise Agreement, (vi) the performance or failure to perform of Franchisor or any Franchisor Party under any other oral, written, express, or implied agreement, covenant, or document whether or not found in the Franchise Agreement, and (vii) any other claim sounding in equity or law. Notwithstanding the preceding, nothing in this Release is intended to disclaim any representations made in the franchise disclosure document.

2. Franchisee for itself and on behalf of Franchisee Parties and Guarantors each agree and expressly state that this Release was made in contemplation of not only known claims and the consequences thereof but also in contemplation of the possibility that each such Party identified in this paragraph may or

will sustain future damages presently unknown to them and which accrued on or before the Effective Date but which were not asserted before the Effective Date. By executing this Release, Franchisee for itself and on behalf of Franchisee Parties and Guarantors intend to release Franchisor and Franchisor Parties jointly and severally from liability for all known, unknown, and unforeseen claims, losses, expenses, damages, costs, liabilities, business losses, and the consequences thereof.

3. Franchisee for itself and on behalf of Franchisee Parties and Guarantors each assume all risk that the facts and law may be, or may become, different from the facts and law as known to them or believed to be known by them as of the Effective Date and each agrees that if the execution of this Release was made based on mistake (mutual or unilateral) that each will forever waive any right to claim that entering into this Release resulted from a mistake of any kind, thereby waiving all claims based upon the doctrine of mistake.

4. Franchisee for itself and on behalf of Franchisee Parties and Guarantors deliver this Release with the intent that Franchisor relies on it. Should any condition, covenant, or clause herein be considered to be unenforceable, the arbitrator under the Franchise Agreement will be permitted to amend the Release to the least extent possible to form an enforceable covenant, or if such amendment cannot be fashioned then to excise the offending clause, covenant, or condition to form an enforceable Release, which will be binding upon the Parties to the fullest extent permissible.

5. Notwithstanding the terms of this Release, nothing herein relieves any Party of the obligation to maintain the confidentiality of Franchisor's proprietary information or any component of Franchisor's franchise system. The terms of this Release are and will remain confidential and will not be disclosed by any Party except as required by legal process, except as required to be disclosed in Franchisor's franchise disclosure document.

6. In the event of a dispute concerning this Release, the Parties agree that the alternative dispute resolution provisions of the Franchise Agreement found in Article 16 are incorporated herein by this reference as if fully set forth here.

7. If any mandatory provisions of the governing state law limit or prohibit the use of this Release, or which in any manner impose different rights or obligations as are found herein, then such mandatory provisions of state law will be deemed incorporated in the Franchise Agreement and this Release by reference and will prevail over any inconsistent terms in this Release. If no such law exists, or if such law exists but permits Franchisee to agree to abide by the terms of this Release, or if by accepting the alternative dispute resolution covenants of the Franchise Agreement found at Article 16, the state law is preempted by the federal law applicable to such dispute resolution, then Franchisee, Franchisee Parties, and Guarantors each agree to abide by the terms of this Release. Notwithstanding the preceding, excluded from this Release are claims arising from representations in Franchisor's franchise disclosure document.

8. Notwithstanding anything herein to the contrary:

a. Release of Unknown Claims and Waiver of California Law. Franchisee, Franchisee Parties, and Guarantors acknowledge that they are aware and informed that the laws of California may purport to limit or reduce the effect of a general release concerning claims not known or suspected by them at the time of execution of this Release, such as Section 1542 of the Civil Code of the State of California which provides that:

“A general release does not extend to claims which the creditor does not know or suspect to exist in their favor at the time of executing the release, which, if known by them, must have materially affected their settlement with the debtor.”

Franchisee, Franchisee Parties, and Guarantors waive and relinquish every right or benefit which they have, or may have, under Section 1542 of the Civil Code of the State of California and any similar provisions of any other law (as may apply to this Release), to the fullest extent that Franchisee, Franchisee Parties, and Guarantors, may lawfully waive such right or benefit. In connection with such waiver and relinquishment, and concerning any released claims, Franchisee, Franchisee Parties, and Guarantors each acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that they now know or believe to be true concerning the subject matter of this Release, but that it is Franchisee's, Franchisee Parties,' and Guarantors' intention to settle and release fully, finally and forever, all claims, disputes, and differences, known or unknown, suspected or unsuspected, which now exist, may exist or existed in the past, and in furtherance of such intention, the Release given herein will be and remain in effect as a complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all released claims. Franchisee, Franchisee Parties, and Guarantors agree to indemnify and defend Franchisor and Franchisor Parties from all claims directory or indirectly arising out of the assertion by Franchisee, each Franchisee Party, and each Guarantor (or any person or entity by, through, or on their behalf) of any released claims, positions, defenses, or arguments contrary to this Section 8(a).

b. Release of Unknown Claims and Waiver of South Dakota Law. Franchisee, Franchisee Parties, and Guarantors each acknowledge that each is aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release concerning claims not known or suspected by them at the time of execution of the release, such as South Dakota Codified Laws § 20-7-11, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in their favor at the time of executing the release, which, if known by them, must have materially affected their settlement with the debtor.”

Franchisee, Franchisee Parties, and Guarantors waive and relinquish every right or benefit which they have or may have under South Dakota Codified Laws § 20-7-11 and any similar provisions of any other law as may apply to this Release to the fullest extent that they may lawfully waive such right or benefit about the subject matter of this Release. In connection with such waiver and relinquishment, with respect to any released claims, Franchisee, Franchisee Parties, and Guarantors acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that Franchisee, Franchisee Parties, or Guarantors now know or believe to be true with respect to the subject matter of this Release, but that they intend to settle and release fully, finally and forever, all released Claims, disputes, and differences, known or unknown, suspected or unsuspected, which now exist, may exist or existed in the past, and in furtherance of such intention, the release given herein will be and remain in effect as a complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all released claims. Franchisee, Franchisee Parties, and Guarantors agree to defend and indemnify Franchisor and Franchisor Parties from all released claims directly or indirectly arising out of the assertion by Franchisee, Franchisee Parties, and Guarantors (or any person or entity by, through, or on their behalf) of any released claims, positions, defenses, or arguments contrary to this Section 8.b.

9. Additional Provisions

a. Each Party represents that the execution and delivery of this Release is the duly authorized and binding act of such a Party.

b. The Recitals are incorporated herein by this reference.

c. This Release will be interpreted under the laws of the state of our then-current headquarters (currently Texas) without regard to any conflict of laws provision to the contrary. This Release will be enforced under the alternative dispute resolution provisions of the Franchise Agreement found at Article 16 as though such Article 16 were incorporated in its entirety herein.

d. Each Party will fully cooperate with all other Parties concerning the performance of this Release. Each Party will execute, acknowledge, and deliver such further documents that may reasonably be required to perform this Release effectively and evidence the release of all obligations and liabilities of the Parties as more fully stated herein.

e. This Release may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute the same instrument, without the necessity of production of the others. An executed signature page delivered via facsimile transmission or electronic signature will be deemed as effective as an original executed signature page.

DONE AS OF THE DATES BELOW.

FRANCHISOR

B-WELL ENTERPRISES, LLC

by: _____
its: _____
date: _____

GUARANTORS

by: _____
date: _____

by: _____
date: _____

FRANCHISEE

by: _____
its: _____
date: _____

INDIVIDUAL FRANCHISEES

by: _____
date: _____

by: _____
date: _____

EXHIBIT 7
STATE ADDENDA

STATE OF WISCONSIN

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between B-Well Enterprises, LLC (Franchisor) and _____ (Franchisee).

1. To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 - 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 - 135.07 applies, the terms of this Addendum apply.

2. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

b. 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.

3. Each provision of this Addendum will be effective only to the extent that the jurisdictional requirements of the Wisconsin law are met. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum will govern. Though the choice of law, venue, and jurisdictional requirements may not be enforceable under state law, Franchisor intends to pursue a claim that the application of the chosen law, venue, and jurisdiction under Article 16 be enforced.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISOR

FRANCHISEE

B-WELL ENTERPRISES, LLC

by: _____
its: _____
date: _____

by: _____
its: _____
date: _____

_____ **Individual Franchisee**

date: _____

_____ **Individual Franchisee**

date: _____

_____ **Individual Franchisee**

EXHIBIT 8
SBA ADDENDUM

ATTACHMENT

ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (“Addendum”) is made and entered into on _____, 20____, by and between _____ (“Franchisor”), located at _____, and _____ (“Franchisee”), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for a loan (“Loan”) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee’s employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Print Name: _____

Print Name: _____

Note to Parties: This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT 9
CLOSING ACKNOWLEDGEMENT

CLOSING ACKNOWLEDGEMENT

Franchisee's Name: _____
Address: _____
Telephone: _____
Today's Date: _____

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.

This Closing Acknowledgment does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Please respond to each paragraph. In responding, please state whether the statement is true or false and provide any other information that is important to you.

A. GENERAL QUESTIONS

1. The date on which I received a franchise disclosure document (FDD) from Franchisor:

Date: _____

2. The earliest date on which I signed the Franchise Agreement or any other binding document (not including the Receipt):

Date: _____

3. The earliest date on which I delivered cash, check, or consideration to the franchise marketing representative or any other person:

Date: _____

B. REPRESENTATIONS

PLEASE RESPOND TO EACH PARAGRAPH. IN RESPONDING, PLEASE STATE WHETHER THE STATEMENT IS TRUE OR FALSE AND PROVIDE ANY OTHER INFORMATION THAT IS IMPORTANT TO YOU

1. I had an opportunity to review the FDD, including the Franchise Agreement and other agreements attached to the disclosure document, and understand the terms, conditions, and obligations of these agreements.

Yes No

Other Information: _____
_____ Initials

2. I had an opportunity to seek professional advice regarding the FDD, the Franchise Agreement, and all matters concerning purchasing my franchise.

Yes No

Other Information: _____
_____ Initials

3. I have made my independent determination that I have adequate working capital to develop, open, and operate my business.

True False

Other Information: _____
_____ Initials

4. I understand that my investment involves substantial business risks and that there is no guarantee that it will be profitable.

True False

Other Information: _____
_____ Initials

5. I acknowledge that the success of my business is based in large part on my ability as an independent businessperson and my active participation in the day-to-day operation of the business.

True False

Other Information: _____
_____ Initials

C. STATEMENTS OF FRANCHISOR

THE PARAGRAPHS BELOW ARE THE POLICIES OF THE FRANCHISOR. IF ANY IS UNTRUE OR IS CONTRADICTED BY YOUR EXPERIENCE, PLEASE PROVIDE AN EXPLANATION.

1. Franchisor does not permit any employee, salesperson, officer, director, or another individual to make or endorse any representations, warranties, projections, or disclosures of any type relating to the financial success of the franchise business and, except as specifically stated in item 19, or by you at the line below, no information as to sales, income, expenses, profits, cash flows, tax consequences or otherwise have been given to the Franchisee. *If any such representations have been made to you by any person in Franchisor's employ, please state so below and immediately inform the Manager of the Franchisor.*

_____ Initials

2. Franchisor **does not permit** any employee, salesperson, officer, director, franchisee, or another management personnel to project any results that a Franchisee can expect in the operation of the business. *If any such representations have been made to you by any person, please state so below and immediately inform the Manager of Franchisor.*

 _____ Initials

3. Franchisor **does not permit** any promises, agreements, contracts, commitments, representations, understandings, "side deals," or variations or changes in or supplements to the Franchise Agreement except by a written addendum signed by you and Franchisor. *If any such deals or changes have been made or promised, please state so below and immediately inform the Manager of the Franchisor.*

 _____ Initials

I have completed this Closing Acknowledgement and have disclosed any information that is contrary to any printed statement or have provided any other information that I deem to be important. I understand that my answers are part of the Franchisor's material determination in granting franchise rights and that their reliance on the same is fair, reasonable, and expected by me.

DONE AS OF THE DATES BELOW.

FRANCHISOR

B-WELL ENTERPRISES, LLC

by: _____
 its: _____
 date: _____

FRANCHISEE

 its: _____
 date: _____

INDIVIDUAL FRANCHISEES

by: _____
 date: _____

by: _____
 date: _____

EXHIBIT C
FRANCHISEE MANUAL TABLE OF CONTENTS

TABLE OF CONTENTS

Operations Manual Table of Contents

Chapter 1 - Introduction - 15 pages

- a) Manual Uses
- b) Company
- c) Team
- d) Mission Statement
- e) Franchise Documents

Chapter 2 - Franchise Start-Up – 8 pages

- a) Business Formation
- b) Licenses and Permits
- c) Computers and Equipment
- d) Goods and Services
- e) Approved Suppliers
- f) Site Selection
- g) Insurances

Chapter 3 - Marketing - 18 pages

- a) Advertising
- b) Sales
- c) Public Relations
- d) Direct Marketing
- e) Promotions
- g) Digital Marketing
- f) Customer Service

Chapter 4 - Operations – 22 pages

- a) Management System
- b) Daily Policies and Procedures
- c) Opening and Closing
- d) Inventory
- E) Safety
- f) Security
- g) Financial Policies
- h) Incident Reports

Chapter 5 - Accounting – 8 pages

- a) Budgeting
- b) Cost of Goods Sold (COGS)
- c) Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)
- d) Reporting
- e) Software

Chapter 6 – Human Resources - 12

- a) Human Resources
- b) Recruiting
- c) Interviewing
- d) Hiring Procedures
- e) Job Descriptions
- f) Disciplinary Actions
- g) Termination Policies
- h) Labor Laws

Total Pages = 83

EXHIBIT D

**LIST OF FRANCHISEES, TRANSFEREES, AND
FRANCHISEES THAT HAVE LEFT THE SYSTEM
AS OF DECEMBER 31, 2024**

**CURRENT FRANCHISEES
AS OF DECEMBER 31, 2024**

None.

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
AS OF DECEMBER 31, 2024**

None.

**LIST OF FRANCHISEES WHO HAVE TRANSFERRED
AS OF DECEMBER 31, 2024**

None.

**LIST OF FRANCHISEES WHO HAVE FAILED TO COMMUNICATE WITH FRANCHISOR
OVER 10 WEEKS PRIOR TO THE ISSUANCE OF THIS FDD**

None

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

EXHIBIT E
FINANCIAL STATEMENTS

Soma Massage Therapy LLC
Compiled Financial Statements
December 31, 2024

WILCOX & ASSOCIATES PC
CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANTS' COMPILATION REPORT

To Management:
Soma Massage Therapy LLC
Denton, Texas

Management is responsible for the accompanying financial statements of Soma Massage Therapy LLC, which comprise the statements of assets, liabilities and stockholders' equity - tax-basis as of December 31, 2024 and 2023 and the related statements of revenues and expenses - tax-basis for the 3 Months (Current Period) and 12 Months (YTD) then ended in accordance with the tax-basis of accounting, and for determining that the tax-basis of accounting is an acceptable financial reporting framework. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the tax-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the tax-basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Soma Massage Therapy LLC.

WILCOX & ASSOCIATES PC
CERTIFIED PUBLIC ACCOUNTANTS

Colorado Springs, Colorado
May 16, 2025

3125 Austin Bluffs Pkwy
Colorado Springs, CO 80918-5736
719-598-9202
FAX 719-598-9207

Soma Massage Therapy LLC
Statement of Assets, Liabilities, and Equity - Tax-Basis
As of December 31, 2024 and 2023

Assets

	2024	2023
Current Assets		
Checking: Wells Fargo 6111	\$ 27,423.00	\$ 13,465.29
Checking: Wells Fargo 0507 (Gift Certificate)	139,682.34	181,366.33
Savings: Wells Fargo 0108	35,771.80	65,208.64
Savings: Wells Fargo 3023 (Taxes)	718.13	12,747.29
PayPal	5,720.47	52,498.15
Checking: Wells Fargo 7902	<u>311.92</u>	<u>556.15</u>
Total Current Assets	<u>209,627.66</u>	<u>325,841.85</u>
Property and Equipment		
Equipment	21,072.09	21,072.09
Building Improvements	33,334.05	28,020.00
Less Accumulated Depreciation	<u>(49,177.25)</u>	<u>(49,092.09)</u>
Net Property and Equipment	<u>5,228.89</u>	<u>0.00</u>
Total Assets	<u>\$ 214,856.55</u>	<u>\$ 325,841.85</u>

Soma Massage Therapy LLC
Statement of Assets, Liabilities, and Equity - Tax-Basis
As of December 31, 2024 and 2023

Liabilities and Stockholders' Equity

	2024	2023
Current Liabilities		
Gift Card Liability	\$ 148,006.00	\$ 60,828.00
FICA Payable	739.54	3,052.22
Federal W/H Payable	329.35	6,002.64
FUTA Payable	20.39	0.00
SUTA Payable	8.49	0.00
CC: Wells Fargo(8876)	0.00	2,156.82
CC: AAdvantage (7113)	0.00	4,684.48
SBA Loan	0.00	2,413.95
	<hr/>	<hr/>
Total Current Liabilities	149,103.77	79,138.11
	<hr/>	<hr/>
Long-Term Liabilities		
LOC: Wells Fargo	38,100.52	0.00
NP: Paypal Working Capital	0.00	40,000.00
	<hr/>	<hr/>
Total Long-Term Liabilities	38,100.52	40,000.00
	<hr/>	<hr/>
Total Liabilities	187,204.29	119,138.11
	<hr/>	<hr/>
Stockholders' Equity		
Capital Withdrawals	(281,130.97)	(271,977.40)
Capital Stock	1,000.00	1,000.00
Retained Earnings	205,703.74	204,397.50
Net Income	102,079.49	273,283.64
	<hr/>	<hr/>
Total Stockholders' Equity	27,652.26	206,703.74
	<hr/>	<hr/>
Total Liabilities and Stockholders' Equity	\$ 214,856.55	\$ 325,841.85
	<hr/> <hr/>	<hr/> <hr/>

Soma Massage Therapy LLC
Statement of Revenue and Expenses - Tax-Basis

	1 Quarter Ended December 31, 2024	1 Quarter Ended December 31, 2023	4 Quarters Ended December 31, 2024	4 Quarters Ended December 31, 2023
Sales				
Sales: Cash & CC Receipts	\$ 412,868.64	\$ 566,829.61	\$ 1,261,519.61	\$ 1,379,809.64
Allowance: Gift Cards Sold	0.00	(202,486.09)	0.00	(325,765.09)
Allowance: Gift Cards Redeemed	0.00	80,511.00	0.00	333,698.09
Less Returns and Allowances	0.00	(120.00)	0.00	(190.00)
Total Sales	412,868.64	444,734.52	1,261,519.61	1,387,552.64
Cost of Goods Sold				
Purchases	0.00	0.00	(14.18)	0.00
Contract Labor	172,071.77	258,402.53	721,191.08	680,137.73
Total Cost of Goods Sold	172,071.77	258,402.53	721,176.90	680,137.73
Gross Profit	240,796.87	186,331.99	540,342.71	707,414.91
Operating Expenses				
Advertising & Marketing	2,346.27	2,394.41	7,554.26	16,074.98
Bank Charges and Merchant Fees	9,482.67	9,061.21	35,105.59	63,230.96
Charitable donation	280.00	2,318.00	3,540.00	5,336.00
Continuing Education	0.00	0.00	775.00	0.00
Depreciation Expense	85.16	0.00	85.16	0.00
Dues & Subscriptions	1,684.65	715.14	7,720.64	4,433.13
Gifts	0.00	130.00	0.00	180.00
Insurance	7,180.63	5,326.13	18,569.20	12,404.47
Janitorial	0.00	0.00	387.00	634.00
Licenses, Fees, Permits	869.00	0.00	3,117.84	0.00
Meals	417.93	227.04	3,434.05	8,930.24
Office & Postage Expense	3,702.52	1,689.20	10,004.75	6,347.32
Paypal Fees	6,712.45	6,694.71	6,712.45	6,694.71
Professional Fees: Legal & Accounting	19,141.33	2,000.00	33,124.87	11,654.59
Rent	10,575.00	9,000.00	38,825.00	36,000.00
Repairs & Maintenance	592.22	3,247.50	4,962.32	10,399.75
Salaries: Officer	18,750.00	18,750.00	75,000.00	61,000.00
Salaries: General	33,393.07	32,398.23	116,721.78	114,631.15
Small Equipment	5,094.34	(1,251.37)	6,314.34	2,502.68
Supplies	7,300.36	9,334.20	28,984.40	33,680.89
Taxes	397.72	2,459.31	397.72	2,459.31
Taxes, Payroll	4,017.80	4,211.05	14,957.54	14,196.40
Telephone	1,742.81	1,870.90	7,423.46	7,503.85
Travel	0.00	179.58	800.00	4,698.34
Utilities	1,966.60	2,077.25	9,754.12	8,170.85
Website Design	0.00	2,500.00	0.00	2,500.00
Interest Expense	2,615.84	149.14	3,998.83	573.75
Total Operating Expenses	138,348.37	115,481.63	438,270.32	434,237.37
Operating Income (Loss)	102,448.50	70,850.36	102,072.39	273,177.54
Other Income (Expenses)				
Interest Income	1.06	24.75	7.10	106.10
Total Other Income (Expenses)	1.06	24.75	7.10	106.10
Net Income (Loss) Before Taxes	102,449.56	70,875.11	102,079.49	273,283.64
Net Income (Loss)	\$ 102,449.56	\$ 70,875.11	\$ 102,079.49	\$ 273,283.64

EXHIBIT F
STATE ADDENDA

STATE OF WISCONSIN

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Chapter 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract that are inconsistent with this law.

Though the choice of law, venue, and jurisdictional requirements may not be enforceable under state law, Franchisor intends to pursue a claim that the application of the chosen law, venue, and jurisdiction under Article 16 be enforced.

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.

EXHIBIT G

FRANCHISEE ORGANIZATIONS

NONE

State Effective Dates

The following states have franchise laws that require that the disclosure document be registered or filed with the states, 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 disclosure document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Dates stated below:

<u>Effective Dates</u>	
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT H
RECEIPT

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If B-Well Enterprises, LLC, offers you a franchise agreement, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island law requires that we give you this disclosure document at the earliest of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If B-Well Enterprises, LLC 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit A.

The franchisor is B-Well Enterprises, LLC, 531 N. Elm Street, Denton, Texas 76201.

Issuance Date: August 12, 2025.

The franchise seller for this offering is Amber Briggie, 531 N. Elm Street, Denton, Texas 76201.

B-Well Enterprises, LLC, authorizes the respective state agencies identified in Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated August 12, 2025, that included the following Exhibits:

- Exhibit A List of State Agencies and Agents for Service of Process
- Exhibit B Franchise Agreement

- Exhibit C Franchisee Manual Table of Contents
- Exhibit D List of Franchisees and Franchisees That Have Left the System
- Exhibit E Financial Statements
- Exhibit F State Specific Addenda
- Exhibit G Franchisee Organizations
- Exhibit H Receipt

By: _____ Date: _____

You should return one copy of the signed Receipt by signing, dating, and returning it by electronic signature software or by mailing it to B-Well Enterprises, LLC at 531 N. Elm Street, Denton, Texas 76201.

RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If B-Well Enterprises, LLC, offers you a franchise agreement, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island law requires that we give you this disclosure document at the earliest of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If B-Well Enterprises, LLC 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 and state law may have occurred and should be reported to the Federal Trade Commission, Texas, D.C. 20580, and the appropriate state agency identified on Exhibit A.

The franchisor is B-Well Enterprises, LLC, 531 N. Elm Street, Denton, Texas 76201.

Issuance Date: August 12, 2025.

The franchise seller for this offering is Amber Briggie, 531 N. Elm Street, Denton, Texas, 76201.

B-Well Enterprises, LLC, authorizes the respective state agencies identified in Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated August 12, 2025, that included the following Exhibits:

- Exhibit A List of State Agencies and Agents for Service of Process
- Exhibit B Franchise Agreement
- Exhibit C Franchisee Manual Table of Contents
- Exhibit D List of Franchisees and Franchisees That Have Left the System
- Exhibit E Financial Statements
- Exhibit F State Specific Addenda
- Exhibit G Franchisee Organizations
- Exhibit H Receipt

By: _____ Date: _____

You should return one copy of the signed Receipt by signing, dating, and returning it by electronic signature software or by mailing it to B-Well Enterprises, LLC at 531 N. Elm Street, Denton, Texas 76201
RETURN THIS COPY TO FRANCHISOR.